

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Friday January 10 1986

East-West trade: breath of competition, Page 15



Table with exchange rates for various countries including Australia, Canada, France, Germany, etc.

World news

Business summary

UK and Nigeria to restore full links

Nigeria and the UK are set to restore full diplomatic links...

Libyan assets freeze

As much as one tenth of Libya's foreign exchange reserves could be affected...

Tambo warns SA

African National Congress leader Oliver Tambo said the ANC would rapidly step up its military and political attacks on South Africa...

EEC reform hopes

The European Parliament looks set to abandon its rejection of plans to reform the EEC and accept them grudgingly...

Party expulsions

The East German Communist Party, with 2.3m members, has expelled 63,000 in the past five years...

President sacks son

Tunisian President Habib Bourguiba dismissed his son as special adviser after disagreements over a wave of arrests for corruption...

Algerian change

The Algerian Government published the final version of a new draft national charter which gives a stronger accent to Islam and the private sector within the context of the country's socialism...

Iran tightens call-up

The Iranian Parliament voted to stiffen conditions of annual call-up by approving a bill that all drafted soldiers should spend one year in operational zones on the Gulf war front...

Swiss expel envoy

Switzerland expelled a Czechoslovak diplomat who it says collected information on his compatriots living in the country...

Bolivian emergency

Bolivia declared a state of emergency in five provinces hit by heavy floods which have killed at least 30 people and made up to 50,000 families homeless...

HK fire controlled

Hundreds of soldiers and firemen brought Hong Kong's worst fire in six years under control after it raged for more than 30 hours...

Spanish phone strike

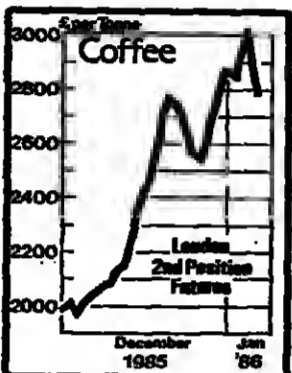
Workers at Spain's state-owned telephone company, CTNE, staged a 12-hour strike to protest against a cut in pensions. The action did not cause serious disruption because state companies are required to maintain minimum operations at all times...

Flight scare

A man told not to smoke aboard a twin-engine aircraft between Atlantic City and Islip, New York, nearly caused a crash before another passenger beat him unconscious...

Profit at Chemical slips 7.5% in quarter

CHEMICAL New York, sixth largest US banking group, reported a 7.5 per cent fall in fourth-quarter net earnings...



THE SELL-OFF in coffee futures gained pace with the March position, which lost £24 on Wednesday...

TOKYO: Stocks suffered from early panic selling but recovered most of their losses before the close...

LONDON: Equities and bonds fell sharply. The FT Ordinary share index dropped 17.7 to 1,106.4...

WALL STREET: The Dow Jones industrial average closed down 8.38 at 1,518.23...

DOLLAR was on the whole weaker in London, falling to DM 2.4405 (DM 2.450), SF 2.0785 (SF 2.085) and FF 7.5 (FF 7.5325)...

STERLING improved in London, closing at \$1.453 (\$1.4435), DM 3.535 (DM 3.545), SF 3.02 (SF 3.01), FF 10.875 (FF 10.875) and ¥283.5 (¥281.5)...

GOLD rose \$2.75 on the London bullion market to \$335.25 and gained \$1.00 in Zurich to \$333.75...

LONDON Stock Exchange is to launch a £2m (\$2.86m) image-boosting publicity campaign during the City of London's financial revolution...

CREDIT de Nord chairman David Deutremus is leaving the nationalised bank to become a partner at Lazard Freres, Paris arm of the international investment banking group...

BROWN BOVERI, Swiss electrical engineering group, is now certain to raise its stake in its West German subsidiary from 65 per cent to 75 per cent...

CONSOLIDATED Gold Fields boosted December quarter earnings of its mines by 31 per cent to a total \$37.4m (\$111.59m) helped by record gold prices in terms of the weak rand...

OTIS, US world leader in lifts, could start production in Finland if talks with Valmet, the state-owned metal and engineering group, prove successful...

NISSAN of Japan is to plough a further \$85m into its loss-making Spanish commercial vehicle subsidiary, Motor Iberica, taking its stake to more than 90 per cent...

UK Defence Secretary quits over helicopter rescue wrangle

Heseltine hits out at Thatcher style of government

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MR Michael Heseltine last night launched a powerful challenge to the way Mrs Margaret Thatcher, the UK Prime Minister, has run the Administration after resigning as Defence Secretary over the Westland helicopter rescue affair...

The Government was apparently launched during yesterday's Cabinet meeting. The move surprised close allies and even the department who had spoken to him beforehand...

MR Heseltine's manner of going by standing up and walking out after more than 50 minutes of discussion, started the rest of the Cabinet and was the most dramatic departure since Joseph Chamberlain left the Cabinet Room and resigned from Gladstone's third administration over Irish home rule...

Agusta chief starts talks with partners

BY JAMES BUXTON IN ROME

MR Raffaello Teti, chairman of Agusta, the Italian helicopter manufacturer which forms part of the European consortium mounting a Westland rescue package in competition with Sikorsky and Fiat, set out for urgent talks in Paris and London last night...

MR Teti, the Prime Minister, which backed the European consortium. Mr Altissimo said: "The entry of Sikorsky/Fiat into Westland seems to be virtually a fact, and if it happens it will be necessary not to take reprisals but to step up collaboration between Agusta and the foreign company in order to obtain every possible advantage..."

Bristow may hold key to future of Westland

BY LIONEL BARBER IN LONDON

THE FUTURE of Westland was last night thrown into confusion after Mr Alan Bristow revealed that he held more than 10 per cent of the helicopter company's shares...

Mr Bristow, the former helicopter operator who last year led an £8m (\$130m) City of London consortium bid for Westland, which he then dropped, spent nearly £1m yesterday buying 4.6m shares at 10p through his brokers, Hoare Govett, increasing his stake from 3 per cent to 10.5 per cent...

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UK shares tumble as uncertainty grows

BY MICHAEL PROWSE IN LONDON AND PAUL TAYLOR IN NEW YORK

SHARE PRICES tumbled on the London stock market for the fourth successive day yesterday as the news of Mr Michael Heseltine's resignation added to the uncertainty created by Wednesday's 1-point rise in banks' base lending rates and a sharp overnight fall in equity prices on Wall Street...

pressure in early trading as three-month money-market interest rates soared ¼ point higher than the 12½ per cent level of base lending rates established on Wednesday. Money-market rates eased back to 13 per cent later in the day, dampening speculation that a further rise in base rates would be necessary...

Multinational companies still hampered by EEC trade barriers

BY QUENTIN PEEL IN BRUSSELS

TRADE BARRIERS in the EEC still make life a misery for companies trying to operate across national frontiers, nearly 30 years after the Common Market was launched. Physical and technical barriers - like insisting on different colouring in toothpaste in different member states - can add 10 per cent or more to the price of a product...

The survey of 53 companies showed a remarkable consistency in the complaints, compared with a similar survey carried out among companies in Belgium in 1983. Some 45 per cent cited border formalities as a problem, compared with 44 per cent before. The proportion complaining of technical barriers was 24 per cent compared with an earlier figure of 23 per cent...

The differing technical standards in the EEC are blamed for the highest price rises - 33 per cent of those complaining said they added more than 10 per cent to the price of their products. Physical barriers were blamed not so much for making goods more expensive, as for making servicing and supply of spare parts more difficult...

Advertisement for Fuller Peiser High Technology report. Text: 'The low down on high tech. In the UK, property market of the mid-1980s...' Includes Fuller Peiser logo and contact information.

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EUROPEAN NEWS

Legal action sought on sale of French paper

A FEUD between France's Socialist rulers and Mr Robert Hersant, the French press magnate, intensified yesterday when a government anti-trust commission declared illegal his purchase of France's fifth biggest provincial daily, Reuter reports from Paris.

that Mr Hersant and Mr Jean-Charles Lignel, former owner of the Lyons-based Progrès group, should have requested commission approval before the deal.

Swiss company invites bids for nuclear plant

BY JOHN WICKS IN ZURICH

DELIVERIES worth some SwFr 2bn (\$961m) are involved in a new tender called for the nuclear power station planned to be built at Kaiseraugst, near Basle, Switzerland.

Investigation into 'illegal' shipments of US parts

PROSECUTORS in West Berlin are investigating a local company and foreign diplomats for alleged illegal shipment of US helicopter parts to North Korea through East Germany, AP reports from Berlin.

Netherlands dispute with US looms over fibre trade

BY LAURA RAUN IN AMSTERDAM

A TRADE DISPUTE is brewing between the Netherlands and the US over Washington's ban on imports of a valuable, strong fibre made by Alcoa, the Dutch chemical group.

Netherlands jobless total falls

DURABLE unemployment, long among the highest in Western Europe, dipped to a two-year low of 15.4 per cent in December while joblessness for the whole year fell for the first time in a decade, Laura Raun reports from Amsterdam.

More officials purged from Soviet party

BY PATRICK COCKBURN IN MOSCOW

MR VICTOR GRISHIN, until last month head of the Moscow Communist Party, has been removed from the ruling Politburo, according to diplomats here.

secretariat of the Communist party central committee which is the heart of political power in the Soviet Union. Their replacements are not known.

Mr Vadim Medvedev, head of the Department of Science and Educational Institutions, say diplomats. The latter's resignation is surprising since he is only 55 and was appointed in 1983 under President Yuri Andropov.

Poland sets aside \$2bn for debts this year

By Christopher Robinson in Warsaw

POLAND IS planning to devote \$2bn this year to servicing its \$29bn hard currency debt and continues to count on raising fresh Western credits to cover its remaining debt repayments, says Mr Zdzislaw Karz, the country's senior financial negotiator.

Danish Social Democrats likely to block approval

BY HILARY BARNES IN COPENHAGEN

THE DANISH opposition Social Democratic party is expected to prevent Denmark accepting the European Community reforms negotiated in Luxembourg last month.

Queen of Flevoland

Queen Beatrix of the Netherlands yesterday formally added the new man-made province of Flevoland to her realm, crowning 50 years of Dutch labour to reclaim farmland from the sea.

David Housego reports on an election issue exciting growing militancy

French racial tension mounts

COULD THE riots which hit Britain's inner cities ever occur in France? The unthinkable is entering the worrying realm of the possible with the shifting into a high gear of an election campaign in which race is one of the major issues.

immigrant community. They act as though this were their country.



National Front youth supporters held a portrait of their leader, Mr Jean-Marie Le Pen.

Mr Harlem Desir, the young French Caribbean leader of SOS Racisme, the campaign against racial hatred, detects a new mood of militancy in the immigrant community in France. It comes in the face of extremist demands from the National Front for immigrants to return to their country of origin and the more moderate platform of the right-wing parliamentary party for a tightening of the immigration laws.

Mr Jean-Marie Le Pen, a former Justice Minister under President Valéry Giscard d'Estaing, also detects a shift in attitudes in the immigrant community but looks at it from the very different viewpoint of a politician who favours a strong tightening up of the immigration laws.

Two or three years ago, he maintains, there was a strong tide of opinion among young Algerians, Moroccans and Tunisians who had grown up in France to be accepted as part of the French community. Now, he says, they have the feeling of no longer being wanted.

He points to the growth in towns like Lyon and Marseille of new militant, Islamic organisations whose first priority is to defend their community's interests. "It makes me think of Britain," he says. "There is a mood of despair and of being cut off from national life."

Mr Alain Peyrefitte, a former Justice Minister under President Valéry Giscard d'Estaing, also detects a shift in attitudes in the immigrant community but looks at it from the very different viewpoint of a politician who favours a strong tightening up of the immigration laws.

Nonetheless a notice on the door of the administrative offices for the estate speaks volumes for the climate of insecurity in France's suburbs and inner cities which has enabled the racist propaganda of Mr Jean-Marie Le Pen the National Front leader to thrive.

entitled in their buildings are being closed because of the sharp increase in acts of vandalism, the risks of fires, and the frequent gathering of suspect groups threatening the safety of property and persons."

as against a population of French nationals of 46.2m. Mr Ferrite believes that since the left came to power four years ago a further 1m immigrants have entered the country.

Turkey denies talks

The Turkish Prime Minister, Mr Turgut Ozal, and Mr Andreas Papandreu, his Greek counterpart, will both attend the forthcoming Davos Forum in Switzerland, the Turkish Foreign Ministry said yesterday, but no special meeting is planned between the two, reports David Bardach from Ankara.

in which tenants have been... The number of women in the East German party rose 1.8 per cent to 55.5 per cent of total membership. No full members of the ruling Politburo are women, however, but two women are candidates. East Germany has one female Cabinet Minister, Mrs Margot Honecker, wife of the East German leader, Mr Erich Honecker.

Commercial Paper Program Total International Limited Total-Compagnie Francaise des Petroles. PaineWebber Incorporated. January, 1986

E. German party reveals 63,000 expulsions

BY LESLIE COLITT IN EAST BERLIN

THE 2.3m-strong East German Communist Party, one of the largest in Eastern Europe in relation to population, has expelled 63,000 members, in the past five years, 25,000 have resigned.

assume most of the expulsions were the result of "moral transgressions" and not political opposition.

More than 58 per cent of party members were said to be workers, but the report noted that 37.9 per cent of them, were "production workers."

Soviet Union plans rapid nuclear power expansion

BY DAVID FISHLICK, SCIENCE EDITOR

RAPID EXPANSION of the nuclear electricity capacity in the Soviet Union over the next five years is forecast by a senior Soviet nuclear energy official.

Irish line sets sail again after union ends strike

BY HUGH CARNERY IN DUBLIN

B-I-I, the state-owned Irish shipping line, yesterday resumed services and withdrew redundancy notices issued to staff of Wednesday after the Seaman's Union of Ireland (SUI) called off a strike and agreed to talks over a disrupted restructuring plan for the company.

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AMERICAN NEWS

Budget reform bill faces court test

BY STEWART FLEMING IN WASHINGTON THE REAGAN Administration has paved the way for a Federal district court in Washington today to hear the first legal challenge to the constitutionality of the Gramm-Rudman reform of the Federal budget process approved by Congress last month.

Brazil seeks tacit IMF support

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT BRAZIL is seeking to persuade the International Monetary Fund to endorse its new economic programme in a way that would permit it to negotiate a debt restructuring with commercial bank creditors.

Brazilian car sales at near record levels

By Ann Carter in Sao Paulo Brazilian motor vehicle manufacturers closed the year with domestic sales and production ahead of optimistic projections and employment near record levels.

Funaro announces \$12.4bn trade surplus

BY RICHARD FOSTER IN BRASILIA BRAZIL'S trade surplus for 1985 was \$12.4bn (£3.5bn), just 5 per cent less than the record 1984 surplus of \$13.1bn.

Canadian bankers to meet on Baker plan

THE chief executives of major Canadian banks are to meet Michael Wilson, Canada's Finance Minister, to discuss the Baker proposals for expanding commercial bank loans to Third World debtors.

Duvalier aid pledge fails to stem Haiti protests

BY CANUTE JAMES IN KINGSTON



Mr Jean-Claude Duvalier, Haiti's "President for Life", faced with a political dilemma

West Germany. The IMF, he said, was providing \$30m.

Recently, Mr Duvalier sacked both Mr Jean-Marie Chanoine, his Interior Minister, and Col. Albert Pierre, the chief of police, following mounting criticism of police handling of last November's protest in which three school-children were shot dead.

The Government has also been attacked for its attitude to the church, following the expulsion of three Belgian priests who criticised the Administration's human rights record. A radio station run by the church was closed.



Duvalier did not mention these funds.

He said the economic problems being suffered by the country were caused by a small elite of rich and mostly white people. Haiti, with an annual per capita income of \$269, is among the poorest countries in the region.

The President said he expected aid from the International Monetary Fund, the World Bank, and the governments of France, Japan and

There appears to be no ideological basis for the protests. Both Dr Ronceray and Mr Sylvio Claude of the Christian Democratic Party, another often imprisoned political opponent, would probably be regarded as acceptable leaders if the protests reached the level of threatening the survival of the Duvalier regime.

With an uncertain political outlook in the Dominican Republic, where a presidential election is due in four months, the US might be moved to help calm widespread public unrest in Haiti.

This could mean, said one diplomat in Port au Prince, funding Mr Duvalier's dictatorship and ignoring its human rights performance. Alternatively, the US could throw its weight behind an acceptable and politically tolerable alternative leader.

WORLD TRADE NEWS

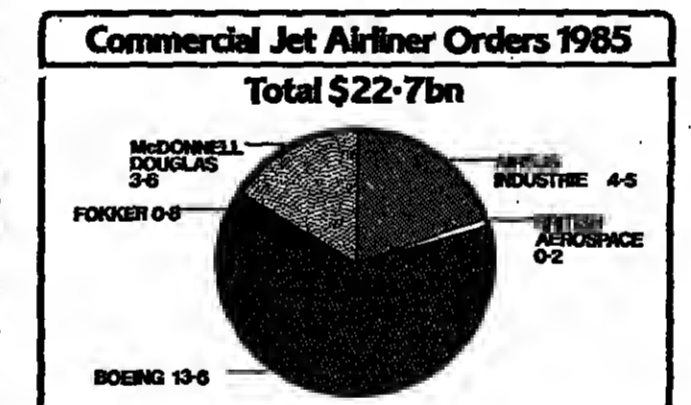
Airbus scours world for project finance

AIRBUS INDUSTRIE, the European airliner manufacturing consortium, is casting its net ever wider in an effort to secure financing and production support for new projects to build the short to medium range TA-9 and long-range TA-11 airliners which Airbus hopes to get off the ground in the next few years.

In the second of a three part series David Marsh in Paris looks at the consortium's efforts to win support for aircraft development.

firm agreement are clearly highly tentative at this stage. Airbus has also been making extensive investigations with world airlines over specifications required for the 1990s. Airbus Industrie technical and marketing teams visited 34 air companies in the autumn to discuss the consortium's new product strategy.

On the one hand, it has no choice but to try to confront Boeing in a greater variety of product categories—beyond its original wide-body A-300s and A-310s and the A-320 now under development. But on the other hand, Airbus is facing growing reluctance from the European governments which back it to provide further funds for aircraft development.



Speech by Suharto puzzles diplomats

By Chris Sherwell in Singapore

WESTERN DIPLOMATS and businessmen are puzzling over the foreign trade implications of President Suharto's announcement this week that Indonesia would undertake no new development projects in the fiscal year which begins this April.

Siemens deal marks breakthrough in US telecoms market

BY JOHN DAVIES IN FRANKFURT

SIEMENS, the West German electrical concern, has made a breakthrough in the US telecommunications market by gaining an order to supply a digital telephone exchange to the Bell regional operating company in Wisconsin.

Export finance rates cut

THE minimum concessionary rates at which the richer countries are supposed to lend export finance to the poorer are to be reduced by just over one percentage point next week, the Organisation for Economic Co-operation and Development announced in Paris yesterday.

Loans of two to five years will be charged at 10.65 per cent for relatively rich countries (compared with the present rate of 12 per cent); at 9.65 per cent for "intermediate" borrowers (10.7 per cent); and at 8.50 per cent (9.55 per cent) for poor countries.

EEC re-imposes imports duty

The EEC Commission yesterday reimposed a 12.5 per cent import duty on high-density polyethylene imports from the Gulf, AP reports from Brussels.

The duty was reimposed because imports of high-density polyethylene exceeded a ceiling of \$4.98m (£2.7m) duty-free selling for 1984.

Aid for Peugeot Spain's Industry Ministry has agreed a Pta 6bn (£27m) aid package for Peugeot's local subsidiary to help finance its restructuring programme.

Foreign car sales in Japan increase by 19.5%

BY JURK MARTIN IN TOKYO

FOREIGN CAR sales in Japan last year rose steadily to the second highest level on record, but still amounted to less than 1 per cent of the total domestic car market.

23.1 per cent above the 32,634 of 1984. Of the individual West German manufacturers, VW continued to lead with 12,967 cars sold, up 25.8 per cent.

Italian engine group wins L130bn Tunisian contract

BY IAN RODGER

LOMBARDINI, the Italian Diesel engine group, has won a L130bn (£53.8m) contract to build an engine plant in Tunisia.

The plant, which is to be located at Sakiet Sidi Youssef near the Algerian border, will be owned by Sakmo, a new company jointly owned by Algerian and Tunisian public sector groups.

State Bank of India advertisement featuring the bank logo and text: State Bank of India announces that its base rate is increased from 11 1/2% to 12 1/2% per annum with effect from January 9th, 1986.

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protests

Welcome to Germany.



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The Harvard Business School faculty is searching for 70 world-class managers to discuss worldbusiness in Boston, U.S.A. Nonstop, for 8 weeks.

Today new business practices are penetrating international boundaries with increasing ease and speed, outdating many of the tactics of multinationalism creating the need to make international business decisions with a view to world oneness. Many have called this new perspective worldbusiness.

This coming Spring, when the dogwood trees are in bloom, 70 people will gather on the campus of the Harvard Business School. A few, perhaps five or six, will be Americans. The remainder will be drawn here from every corner of the world. All will be senior managers, veteran world-class managers destined by their companies for more crucial, more demanding jobs.

They will be met by six Harvard professors, renowned scholars whose names you know, whose books you've read, whose combined teaching experience at Harvard exceeds 100 years.

And these 76 people, managers and professors, will form International SMP - 1986, the Harvard Business School's once-a-year, eight-week International Senior Managers Program. This program (1) studies the practice of general management in an international environment, and (2) develops the international awareness of general managers, making them especially competent to handle problems and opportunities occasioned by increasing world accessibility.

It's general management with the world in mind. For short, worldbusiness.

How to choose a worldbusiness manager

Worldbusiness stakes are high. The manager you choose to send here will be one of your very best. He, or she, will be innovative and insightful. He will have the courage to make important decisions and the determination to see them through. Typically he will have 20 or more years of business experience. He is a top line or staff manager destined for a general management job. Or a general manager elected to govern a division, a region, a country. Send us this manager and you can expect a substantial return.

What a worldbusiness manager can do for you.

The manager who returns to your company will have worked long hours for eight busy weeks, but he will return to you rejuvenated. He will see your company with a new worldbusiness perspective, evaluate your prospects and products with a world's-eye view. He will have filled any gaps in his general management curriculum, and expanded his vision of what general managers do. He will return confident, competent, an energized leader superbly equipped to project the enterprise of your company in the world.

There's more. He will return with a first-hand understanding of realworld problems gained from close association with professional managers like himself. Managers from companies with similar problems, like opportunities, comparable goals. Managers he has lived with, dined with, studied with, argued worldbusiness with for hours on

end. Managers filling important posts across the face of the earth, but also friends, classmates, intimates who are but a phone call away.

And there's still more. During eight weeks a lively market springs up between faculty and managers. Managers bring to this market the real-world experiences of their own countries, their companies and functions; professors clarify these experiences with their wholeworld theories and overviews. The program is specifically organized to promote this valuable trade—in class and after class, with one-on-one conferences, at lunches and at dinners.

It's a lot to expect from an eight-week program. But we have the wherewithal to make it happen.

"It's great to be part of a great university."

We have a tranquil environment, far removed from the pressure of business. We have unparalleled resources. Superlative teaching. A concentrated curriculum pursued at a pace vindicated only by the caliber of the people who come here. And a rigorous schedule (breakfast at 7:00 A.M.) that earmarks every hour in every six-day week.

We are located on the 61-acre Harvard Business School campus, a quiet, self-contained enclave on the outskirts of bustling Boston. Managers live in traditional halls of ivy, newly remodeled and air conditioned, in private rooms clustered around eight-person conference rooms, and with a spacious ground floor lounge. The dining room (the food is international and excellent) and the traditional Harvard amphitheater-styled classrooms are a few minutes away along tree-lined walks. The 500,000-volume Baker Library, the foremost business library of the world, is just steps from the dormitory.

In short, assembled on this historic campus is every facility, every business resource you could ask for. As one International SMP participant put it, "It's great to be part of a great university."

Our faculty have worked 50 years in Europe, Asia, The Middle East.

At the epicenter of the International SMP is its faculty. Six exceptionally qualified men are dedicated full time to the program. All have broad international experience. They have studied, taught, and researched extensively outside the U.S. All are Harvard worldbusiness veterans. Professor Uytendhoeven, at Harvard 26 years. Professor Salter, 19 years. Professor Piper, 16 years. Professors Heskett, Kotter and McFarlan add a total of 55 years more. All told, the experience of this Faculty totals 168 years, with 116 of those years spent at Harvard alone.

These men are researchers, innovators. They are creating the theories, strategies, and management tools that will pervade international management for years to come.

But these men are teachers, too. They have concentrated the fruits of their research in the curriculum of the International SMP. And they're here to discuss their researches, expound their

theories, reveal their strategies, and distribute their new management tools to help your general manager and your company prosper in a changing world.

What every good general manager should know.

To manage a company you need a working knowledge of six fundamental subjects—finance, marketing and operations management, people management, control and management information systems, government, and general management itself. The International SMP internationalizes these subjects to give managers a worldbusiness view.

Each of these subjects is a tough nut to crack. Each is a career in itself. The general manager must not only understand each of them, but how all of them work together. The worldbusiness general manager must not only understand how all work together, but how they work together in an international environment. This degree of understanding normally requires years of experience in the practice of international general management.

The SMP case package. It's the next best thing to experience.

No less than 85 cases are studied during the International SMP program. No less than 85 slices of international business life are boiled down to extract their essence, to illustrate the interaction of fundamental subjects, to reveal how this interaction is further affected by international complications. The case package—including private study and analysis, small group conferences, and full-group class discussions—simulates experience in international general management no one man could amass in a lifetime.

What's more, these cases are also selected for their relevance to current business needs. About 10% examine external truths of our business heritage. Perhaps 15% explore the future. The remaining 75% deal with present-day reality, problems and opportunities your company has to consider here and now.

Probing the far frontiers of management.

While case studies command the center of the International SMP program, lectures and forums extend and round it out. Presented, too, are the discoveries of pathfinders exploring the far frontiers of general management, the sophisticated new techniques, tools, and game plans that will

be understood by just a few for years to come. For example, the 1985 program included:

- The Forum on Technological Innovation and Entrepreneurship which brought the CEO of a leading high tech company to the classroom to reveal the strategies that launched and maintained his company as a world leader.
- A special session on current trends in anti-trust legislation, taught by one of the foremost authorities on the subject at Harvard.
- The integration of marketing and operations management. One course addressing both functions, to develop managers who perceive the close relationship between these two fields.
- New breakthroughs in the competitive analysis of industries, revealed on the campus where the whole thing started.

Other programs at the Harvard Business School are designed to meet the needs of general managers. The Advanced Management Program (AMP) is a 13-week program designed, as is the International SMP, for accomplished managers who have achieved high-level positions. The Program for Management Development (PMD) is a 12-week program for exceptionally promising middle managers of proven ability.

But SMP is international and it is unique. Consider its length, intensity, level, comprehensiveness, environment, resources, aptness of participants, caliber of faculty and you'll conclude this has to be the foremost international management program in the world.

If you have a manager qualified for this program...

...we'll be happy to send you a prospectus describing the program in full. Decisions on completed applications will be made within two weeks of their receipt. The program itself begins May 25 and ends July 19, 1986. The cost is \$19,500 which includes tuition, live-in arrangements, all books and written cases. Applicants must be able to read and speak English fluently, and typically will have 20 or more years of solid business experience. To maintain the program's international orientation, U.S. participants will be limited.

For a detailed prospectus of the 1986 International Senior Managers Program:
Telephone (617) 495-6398. Telex: 6714418XED F
Or Write:
Administrative Director
International Senior Managers Program
Glass Hall F Harvard Business School
Soldiers Field Road, Boston, MA 02163, USA

**International Senior Managers Program
Harvard Business School**

UK NEWS

French worries grow on road-rail tunnel link

BY PAUL BETTS IN PARIS AND ANDREW FISHER IN LONDON

THE FRENCH Government is increasingly worried by Mr James Sherwood's Channel Expressway road and rail tunnel proposal for a fixed link between France and Britain. The concern comes amid indications that the UK Government is trying to encourage some form of rapprochement between the three main rival schemes. Sir Nigel Brookes, chairman of the EuroRoute tunnel-and-bridge scheme, was yesterday called to see Mr Nicholas Ridley, Transport Secretary. Mr Sherwood, head of Sea Containers, which is behind Channel Expressway, saw him on Tuesday. Channel Tunnel Group, which proposes a rail tunnel, said yesterday it would strongly oppose linking with the other groups. Mr Sherwood claimed this week that the £2.55bn Channel Expressway scheme had beaten the more costly EuroRoute scheme. EuroRoute has countered with questions about the technical feasibility of Expressway. It now seems likely that the announcement to be made in Lille, northern France, on January 20, will fall short of approving one single project. French government anxieties have been heightened by reports that the British Government appears to be looking in favour of the Sherwood project. French government officials have been questioning Mr Sherwood's intentions, especially on account of his interest in British Ferries, a subsidiary of Sea Containers. Britain has been leaning towards Mr Sherwood's solution because it

offers a road as well as a rail link across the Channel at a much lower cost than the rival EuroRoute rail and road bridge and tunnel project. However, the French Government continues to prefer the two main rivals to Channel Expressway including the Channel Tunnel Group-France Manche twin-bore rail tunnel scheme and EuroRoute. Both those projects include the participation of French industrial and banking groups, unlike Channel Expressway. Mr Sherwood has recently enlisted in France the support of Scree, a large French public-works company in financial difficulty, and the Crédit du Nord banking group. But Channel Expressway has no other big French industrial partners at this stage, although it said yesterday that EAF Aquitaine would take an undisclosed equity stake. Although the cost of the EuroRoute road and bridge scheme appears to have argued against that scheme in the UK, the French continue to look upon EuroRoute as a strong contender for the fixed link. Apart from grouping big French industrial companies such as the GIM-Entreprise civil engineering concern, the Usinor steel company and the Alsthom heavy engineering and shipbuilding group, and leading banks such as Paribas and Société Générale, EuroRoute was the first serious project to have been put forward when it was conceived in the late 1970s by Mr Ian MacGregor, then chairman of British Steel, and Mr Jacques Mayoux, at the time head of the French Saclor steel company and now chairman of Société Générale, the nationalised bank leading the French side of EuroRoute. Because of the scale of the EuroRoute project, the cost of which is estimated at just under £5bn at 1985 prices, the French Government had originally envisaged some state financing to support the construction of a fixed link. State financing has always been favoured by France, but the Socialist Government agreed to the entirely private financing nature of the fixed link because of UK insistence. For his part, Mr Jacques Mayoux says he has never argued for state financing and has always worked on the basis of an entirely privately financed project. Both EuroRoute and Channel Tunnel have drawn up private financing plans, which have met with the approval of French officials. As in the case of EuroRoute, the French Government regards the Channel Tunnel Group-France Manche project as a serious contender because of the participation of big French public works groups such as Bouygues, Spie Batignolles and Dumez and a number of leading French banks. "We are extremely worried by the lack of serious industrial partners in the Sherwood project," said a French government official yesterday. Mr Nicholas Ridley, the British Transport Secretary, and Mr Jean Auroux, the French Transport Minister, are to meet in the UK in coming days for the second time this year to try to overcome the remaining obstacles to an agreement between the two countries on a fixed-link scheme. Mrs Margaret Thatcher and President Mitterrand are to announce the name of the winning project at Lille on January 20.

Andrew Fisher examines Britain's largest export order to China

Peking milestone for GEC Turbine

MR BOB DAVIDSON, the laconic 57-year old Scotsman who heads GEC Turbine Generators, returned to his office at Rugby, in the Midlands of England, last weekend, after his 29th visit to China. It was probably his happiest homecoming for six years. For the painstaking efforts of Mr Davidson and his team, some of whom have spent much longer there, had been rewarded with a £250m order to supply equipment for a Chinese nuclear power station 30 miles from Hong Kong. It has certainly been a long wait. Mr Davidson and his colleagues found negotiating in China arduous and time-consuming. The persistence of the Chinese resulted in a cut of some 20 per cent in the final price. The result, however, is Britain's largest-ever export order from China. The memorandum of understanding signed in Peking last week should become a more binding letter of intent by March, with a final contract soon after. GEC will supply two 985 MW turbine generators for the power plant at Daya Bay in the province of Guangdong, with Framatome of France providing the more costly reactors. The order puts GEC neck-

and-neck with Mitsubishi of Japan in the export league for turbine generators. The development of an export strategy had been crucial to the performance of GEC Turbine Generators, Mr Davidson, the managing director, emphasised. "In the last 10 years, we have had to go for exports to survive." Thus the Chinese order is important to GEC Turbine - formed in 1968 from the operations of English Electric and Associated Electrical Industries - for several reasons, both commercial and technological. It maintains the impetus in the GEC subsidiary's order intake at a time when world turbine business is in a trough. GEC needs to win a sizable order each year to keep up the workload for its 6,000 workers in Rugby, Stafford, Manchester, and Larne in Northern Ireland. The present GEC order book for turbine generators was just over £1bn in mid-1985 and the forecast for the end of this financial year to March 31 1986, is nearly £1.2bn. With the new order, the intake for 1985-86 will be £2.1m against £2.5m last year. "It makes up for the lack of UK work. Firm orders for the Sizewell nuclear plant on the east coast of England have yet to be placed, with delays caused by the longest-running public inquiry in Britain into the Central Electricity Generating Board's proposals. Orders will, however, be worth about £90m to GEC Turbine. Mr Davidson expressed frank disappointment at the Sizewell delay, noting that world competitors had the advantage of a large home market to bolster order books. "We are in the worst position that I am aware of in the world in terms of home market," he said. Whereas the UK market totalled 40,240 MW in the 12 years to 1974, or 3,350 MW a year, it had slipped to a mere 5,820 MW, or 432 MW annually, in the subsequent 13 years, including estimates up to 1987. "It strengthens GEC's chance of winning more business in China, which has a large power-station programme to satisfy the needs of its energy-hungry population and industry. The Chinese make turbines, but have nowhere near enough capacity. "Obviously, this first order from China is a very important milestone in our efforts to enter the Chinese market," says Mr Davidson, who was born in a Lanarkshire mining village and came to Rugby (English Electric) as a mechanical engineering apprentice in 1940. By 1990, the Chinese aim to have 120,000 MW of power installed, rising to 240,000 MW by the end of the century. That compares with 66,000 MW in 1980, 78,000 MW in 1982, and around 85,000 MW last year. Recent turbine orders have been won by Japan, the Soviet Union, Czechoslovakia, the US and France. China's pressure on price for the Daya Bay plant, from which 70 per cent of the power will go to Hong Kong, shows how tough it is to win business there. In recent tenders, GEC's price is reported to have been above the competition. It gives GEC Turbine, which makes net profits of around £30m a year, a chance to prove itself with a significant technological advance, namely the use of high-speed turbine generators with water-cooled reactors. The turbine generators for China will be the largest high-speed units built in the UK. Mr David Kalderton, engineering director of GEC Turbine, said: "The Daya Bay generators are a very significant step in our fight to stay with the best." GEC, he adds, will be entering a part of the turbine industry now exclusive to KWU of West Germany, Brown Boveri of Switzerland and one Soviet builder by making 3,000-rpm turbines for the PWR (pressurised water reactor) plant at Daya Bay. It is a development on which GEC has been working for 15 years. In the UK, steam from conventional power stations and nuclear stations based on gas-cooled reactors is at high temperature and the turbines rotate at 3,000 rpm. Water-cooled reactors used elsewhere in the world produce steam at low temperature and reduced pressure. Thus generating speeds have either been halved, with bigger and more expensive turbines used, or turbine sizes have been halved and their numbers doubled, which is also costly. Although one contract may lead to another in the turbine generator business, the pressure to succeed and to compete is fierce. "If you fail to perform on one of these large contracts now," says Mr Davidson, "you eliminate the possibility of repeat business and jeopardise your ability to win future projects." So for GEC, the Chinese order is both a welcome slice of new business and a chance to show world customers what it can do.

United set to cut jobs in newspapers

By Helen Hague UNITED NEWSPAPERS, which made a successful takeover bid for Fleet Holdings last autumn, is expected to announce job cuts at the Daily Express, Sunday Express and The Star within the next few days. During the takeover battle, Fleet's alleged failure to cut its costs, shed labour and introduce new technology formed an important part of United's attack. United indicated at the time that it would be looking for reductions in manning of around 20 per cent. Mr Gordon Linacre, deputy chairman of United, told print and journalists' union officials this week that the company's plans for the titles were now in their final stages. Union general secretaries would be informed but detailed discussions would be left to chapels (office branches). He said the cuts would be across the board, although not equally distributed. Although the overall manning figures United is seeking were not divulged, cuts would not be phased over a number of years. There are no plans to abandon traditional printing centres.

Liffe's trading volume again at peak level

By Alexander Nicoll TRADING VOLUME on the London International Financial Futures Exchange (Liffe) reached record levels yesterday for the second successive day, spurred by hectic activity on both the UK and US money markets. Volume of all Liffe's futures and options contracts was estimated at 46,200 lots, up from the record of 34,681 set on Wednesday and the previous peak of 34,586 on October 30 1985. Precise figures for yesterday's volume were not available last night because of a technical breakdown in the exchange's order matching system, which, the exchange said, was not caused by the volume surge. Sudden weakness in the US bond market on Wednesday night triggered heavy business - and a sharp price fall - in Liffe's UK Treasury bond futures contract yesterday. It reached a record of about 8,700 contracts traded, surpassing the peak reached last November 21 of 8,016. The turmoil in the London money markets, including the rise in banks' base rates on Wednesday, has brought high turnover in Liffe's three-month sterling interest-rate futures contract. On Wednesday it jumped from a record 7,177 contracts set the previous day to a new high of 12,091 contracts - worth a total of just over £6bn. Yesterday, volume was estimated at 9,800 contracts.

Unexpected rise takes jobless total to 3.18m

By Philip Stephens, Economics Correspondent GOVERNMENT HOPES that the upward trend in Britain's unemployment total had been halted received a setback yesterday, with news of an unexpected rise in the number of people out of work last month. The Department of Employment said that the seasonally adjusted unemployment total rose by 14,700 in December to reach 3.18m people or 13.2 per cent of the workforce. The unadjusted total rose by 14,200 to 3.27m or 13.5 per cent. In the previous three months the adjusted figure, regarded as the best guide to underlying trends in the labour market, had fallen, encouraging optimism among ministers that unemployment had stopped rising. The Government yesterday sought to emphasise that the December figure should not be seen as the start of a new upward trend. Lord Young, the Employment Minister, said that rise was "disappointing" but that it still appeared that the trend was broadly flat. Official statisticians believe that the figures may have been distorted by the unusual proximity of the unemployment count to Christmas. Companies traditionally scale down their recruitment ahead of the Christmas holidays and this year the count was taken later than usual. The December figures show a much slower increase than in previous months in the number of people



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Argyll gets Distillers bid clearance

BY CHARLES BATCHELOR THE GOVERNMENT yesterday gave approval for Britain's largest takeover bid, with the decision to refer to the Monopolies Commission Argyll Group's £1.9bn offer for Distillers, the Scotch whisky concern. Argyll, the Presto Foodsacquets group headed by Mr James Gulliver, is now free to pursue its campaign for the larger Distillers, best known for its Johnnie Walker whisky and Gordons gin brands. A merger would create a company with sales of more than £3bn, employing 50,000 people. The decision by Mr Leon Brittan, Trade Secretary, to follow the advice of Sir Gordon Bexley, Director General of Fair Trading, and allow the bid to proceed, represents a setback for Distillers. The six months' delay that would have resulted from a Monopolies review would have allowed it to strengthen its defences. The Office of Fair Trading (OFT) is understood to have looked closely at the financing of the Argyll bid to see if there were any parallels with Elders IXL's £1.8bn bid for Allied-Lyons, the UK food and drinks group. The Elders bid, which relied largely on borrowed money, was referred to the Monopolies Commission last month for a review of the financing. The OFT concluded that since only £800m of the Argyll bid price was being borrowed and the rest consisted of Argyll shares, the stock market would itself deliver a verdict. The OFT is understood to have concluded that there would be no threat to competition if the two companies' drinks businesses were merged. Lex, Page 18

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HESELTINE AND THE WESTLAND AFFAIR

Bridget Bloom looks at the commercial and industrial details on which the ailing helicopter company's long-term future will rely
Rescue offers depend on workload and product packages

IN SPITE OF political upheavals, the battle for Westland itself seems to have come to a temporary halt, at least in one important respect. While the rival suitors for the company's rescue have increased the financial terms each is offering shareholders, they now seem unlikely to change the more significant work and industrial packages with which they are proposing to underpin the company's future.



Sir John Cuckney, Westland's chairman, favours Sikorsky-Flat offer

Only about £1m divides the £74m US-Italian rescue plan from the revised £75m offer produced by the four-nation consortium on Tuesday, though there are a number of differences in each financial package, particularly on the contributions needed from shareholders.

for 21 W30 civilian aircraft goes ahead. Much work has already been done on this order but it would seem that it with existing work from the MoD, should keep going the shop-floor force of some 1,900 at least for the next year. The company's 1,500 design and development engineers have been working on developments of the W30, on the EH101 as well as on a possible battlefield helicopter but there appears to be differences of view between the consortium and Sikorsky-Flat about how much extra engineering work will be needed.



Sikorsky's Black Hawk (top) and Westland's W30.

market is estimated at some 35,000 aircraft, worth \$71bn (250bn), over the next 15 years, nearly half of this is likely to be accounted for by the proposed US military market, especially in the larger and heavier aircraft, while the trend in the Third World where Europe and the US have competed in the past is to seek deals involving offset or local assembly.

involves three new helicopters with guaranteed sales to at least four European governments. These are the Anglo-Italian EH101, which, since it is the subject of legally and commercially binding agreements, seems certain to go ahead under either rescue plan; the medium-weight Nato helicopter for the 1990s (NH 90) currently under feasibility study by Britain, France, West Germany, Italy and the Netherlands; and a new lightweight battlefield helicopter which would merge two current projects, the Franco-German and the Franco-Italian development of the A129, into a single project.

Table with columns: THE OFFERS COMPARED, FINANCIAL, OTHER FEATURES, WORK COMMITMENT. Rows include New share capital, Conversion of bank debt, Total rescue package, etc.

offering Westland the manufacture of the Black Hawk under licence. Westland would pay a fee of \$5m (the same as it paid for the Sea King in the early 1980s) to Sikorsky and the US company will help it to sell the Black Hawk. The Europeans point out that while Sikorsky will have sold more than 1,000 Black Hawks by next year to the US armed forces, only 40 have been sold overseas.

National Westminster Bank PLC advertisement. NatWest announces that with effect from Thursday, 9th January, 1986, its Base Rate is increased from 11.50% to 12.50% per annum.

Grindlays Bank p.l.c. advertisement. Grindlays Bank p.l.c. announces that its base rate for lending will change from 11 1/2% to 12 1/2% with effect from 9th January 1986.

Yorkshire Bank advertisement. Yorkshire Bank announces that with effect from close of business on THURSDAY 9th JANUARY 1986 Base Rate will be increased from 11 1/2% to 12 1/2%.

Golden Dumps (PROPRIETARY) LIMITED advertisement. Reports of the directors for the quarter ended 31 December 1985. Includes financial results for Consolidated Modderfontein Mines Limited, South Rooodepoort Main Reef Areas Limited, and Springs Dagga Gold Mines Limited.

THE PROPERTY MARKET BY MICHAEL CASSELL

Trafalgar back in City

TRAFALGAR HOUSE is returning to the City of London office development market. The group's commercial property arm is to develop a £20m speculative office building on the site of Blomfield House, located on the corner of London Wall and Blomfield Street.

watching property from the sidelines, largely contenting itself with building out a number of projects already in the pipeline, the group is again stepping up its commitment to the sector. Trafalgar's re-entry really began last October with the £38m purchase of Brooklands Industrial park and it has also been raising its involvement in the retail market. Until now, the office market had been bottom of the list of priorities but it appears that the Blomfield House deal may shortly be followed by another major office development project in London's West End.

The group's property activities in the United States, which first got underway in 1971, are also stepping up and its current US development programme, concentrated in New York, Jersey and Connecticut, is valued at around \$360m. One of Trafalgar's biggest US projects is on the corner of 70th Street and 3rd Avenue in New York, where it is developing a condominium block. There is another apartment building project underway on 2nd Avenue and the group's residential interests in North America are apparently about to expand further with the creation of a new US company to develop traditional housing. In the commercial market, Trafalgar House Real Estate is developing a 20-acre business park in Westchester, where it has also acquired a 100-acre site capable of housing 600,000 sq ft of offices, and a major hotel and conference centre. There is also a retail and office project in Greenwich, Connecticut and the company is also planning a 600,000 sq ft business park in New Jersey. Eventually, Trafalgar's US operation might extend further afield but, for the time being, Carter is content to confine activities to the north-eastern seaboard. As for the home market, "Trafalgar's broad base enables us to vary our commitment to property. We have usually got our timing right and we believe now is a good time to be in."

Prudential sells in Baker Street

THE PRUDENTIAL has sold one of its central London freeholds for nearly £10m. The building is an 80,000 sq ft office and retail investment in Baker Street, principally occupied by Footo Cone and Belding, the international advertising agency. The agency has been paying a very low rent at Baker Street since 1985 and, with only ten years of its lease left to run, has negotiated the freehold purchase from the Pru for £9.7m. The building was originally the headquarters of Marks and Spencer. Edward Charles and John D. Wood acted for the purchasers. The Receiver of Legion, a subsidiary of Illinoisfield Securities, has sold the freehold of Holland House, Bury Street, in the City of London to an unnamed institutional client. The 49,400 sq ft refurbished office building is let to numerous tenants and the rent passing is £224,500. The sale price reflected further major works which are required. The vendor was represented by Richard Ellis. Miller Developments, part of the Edinburgh-based Miller Group, has sold two prime investments to Scottish Amicable Life Assurance for over £2m. The package comprises Powell Duffryn House, a 32,000 sq ft office building in Bracknell, let at £408,000 a

year to Powell Duffryn, who will move in during March, and the new, 50,000 sq ft headquarters and distribution centre for Komica UK, at Feltham Road, let at £204,000 a year. Healey and Baker and Herring Son and Daw acted for Miller at Bracknell while H and F and Edmund Warbone acted on the Komica letting. Jones Lang Wootton acted for the Pru in both cases. Shearwater Property Holdings, part of Godfrey Bradman's Rosehaugh Group, has been appointed by Eastleigh borough council as its partner in the £31m redevelopment of Eastleigh's town centre. British Standards Institution has sold the lease on Newton House, its 25,500 sq ft building in Pentonville Road, Kings Cross, to Girobank. BSI held a lease for a term until 2001, with a further option for a further seven years. Details of the premium paid have not been disclosed. Moss and Partners acted for BSI and Edward Erdman acted for Girobank. Haslemere Estates has confirmed the letting of 81 Gracechurch Street, its 12,500 sq ft City of London office refurbishment carried out in conjunction with Greater Manchester Council Superannuation Fund, to Berliner Bank for nearly £375,000 a year.

Yields 'unrealistically low'

THE PROBLEM of unrealistically low yields on a wide range of increasingly obsolescent property investments still hangs heavily over the UK market. The unspoken conspiracy between those institutional and corporate landlords who stand to lose most when reality finally overtakes them has managed to fend off the day of reckoning. But the end must surely be nigh. The overnight revolution in occupational requirements has played havoc with the value of property which was built to last for decades but which has rapidly been overtaken by events. Acres of prematurely ageing real estate are no longer performing properly and their owners will need to throw bucketsful of money at them in order to smarten them up. Although there is evidence that the message is slowly getting through, with yields starting to shift onto a more realistic basis, the true impact of obsolescence has still to be fully reflected in many cases. As a result, some investors remain wary about coming back into the property investment market, despite the improving occupational picture and the upturn in the sector's relative performance. Of the three principal investment markets, the nettle seems to have been grasped first and firmest in the industrial sector, where yields have risen to reflect the outdated nature of many properties. The problem has not previously

been a significant one in the retail sector, although radical changes in the pattern of retail development mean that it will, in future, need to be taken into account and reflected in yield levels. The biggest blackspot, however, is in the office market, where an entire generation of properties built over the last 20 years are coming to the end of their useful lives. Still more worrying, perhaps, is evidence that the latest institutional funding packages are still failing to acknowledge exactly what is going on. In their latest bulletin on the investment market, Richard Ellis, the chartered surveyors, say that, even in the most buoyant office centres, demand for second-hand buildings remains weak, unless they are brought up to date with large injections of capital. The agents add: "In the tenants' market of the early 1980s, shorter leases and break clauses have been in increasing demand, both from US companies and a number of UK users. Despite this trend, the majority of institutional fundings are still undertaken on the basis of a standard 20 or 25-year term. "Only where developments have been undertaken direct has the developer the flexibility to adapt to a tenant's requirement for a shorter term. A 10 or 15-year lease term would enable a capital injection into a building before it becomes ex-growth and obsolescence

deducts from future performance." Ellis points out that, although office yields have increased in recent years, it remains questionable whether these adjustments reflect a future capital requirements for vital upgrading. The institutional investment market, they add, is only just coming to terms with the new ground rules and it will still be some time before all yields react accordingly. On the wider investment front, the agents reckon that the re-pricing of property through yield adjustments means that property is generally cheaper now than it has been for the last decade. Certainly, rental growth requirements needed for property to perform alongside gilts are lower than they have been since 1978 and property now offers a yield advantage of around 3 per cent over equities. With less optimism about the prospects for equity and gilt markets, some analysts predict rental growth will at least match dividend growth in the coming year. But if there is simple justification for a significant, if selective, return to the property market by the institutions during 1986, a major upsurge of new investment funds seems unlikely, not least because the government's continuing privatisation programme will continue to direct a big chunk of institutional cashflow into equities. The level of trading within portfolios, however, should continue to rise.

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EAST-WEST TRADE

A breath of competition

By David Buchan and Leslie Colitt

SOVIET BLOC TRADING

Table with 3 columns: Foreign Trade Organisations (FTOs), Companies with Direct Trade Rights, and values. Rows include Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and Soviet Union.

THE EAST has long had double vision about trade monopolies: Western commercial monopolies are bad because they serve the narrow interests of capitalist shareholders...

boards, and, more generally, to make FTOs work on financial commission, and therefore in theory harder, for producers.

Michael Heseltine The man who went too far

By Malcolm Rutherford

ON THE face of it, this has been a very bad week for the British Government, quite apart from the resignation of Mr Michael Heseltine as Defence Secretary...

enjoyed one conspicuous advantage over other potential rebels and as a candidate for succession. He disagreed with Mrs Thatcher frequently over inner cities and industrial policy...

At the heart of it is still that, after all these years, Britain's defence role is too big for the available resources...

The reaction of Western companies doing business is double-edged

Change is great. At a recent West German oil and gas pipe producer complained to Mr Mikhail Fomin, a senior Moscow trade official...

At a certain momentum has developed where reforms has been introduced. Last year Mr Peter Veres, the Hungarian Trade Minister, warned he might restrict some of the trading rights...

A main question remains the attitude of the Soviet Union

concedes that machinery and equipment—30 per cent of total Soviet exports worldwide—form only 5 per cent of total sales to the West.

A Channel link

From the Managing Director, Channel Tunnel Group Sir,—Your editorial (January 8) on the proposed cross-Channel fixed link concluded that "it seems unwise to settle for a scheme that does not include a road link..."

Letters to the Editor

so. Under known technology the reduction of carbon monoxide from exhaust fumes to a tolerable level in such a long tunnel cannot be achieved...

Accounting standards From Mr J. Moore Sir,—In response to Patrick Edge-Partington (December 27), I write to offer my solution to the accounting for inflation problem...

Westland design leadership is recognised throughout the Continent.

The Americans are aware of this. Their strategy involves weakening European competition to the point that potential buyers will have little option but to buy American...

Changing jobs

From Mr R. Brimblecombe Sir,—Mr I. Kenna (January 4) in referring solely to transferring to the United States...

Own land in the great American West. An advertisement with a large image of a landscape and text describing the opportunity.

For complete details on this wonderful opportunity, without obligation, please fill in and mail coupon today.

FORBES EUROPE SANGRE DE CRISTO RANCHES INC. An advertisement for a ranch with details on location, price, and amenities.

Form with fields for Name, Address, and Telephone, and a section for 'FORBES EUROPE' with a logo and contact information.

SERVICEPOWER THE WORLD'S LEADING DISTRIBUTOR OF EARTHMOVING EQUIPMENT BLACKWOOD HODGE

FINANCIAL TIMES

Friday January 10 1986

BELL'S SCOTCH WHISKY BELL'S

Strasbourg may drop objections to reform of EEC

By Quentin Peel in Brussels THE European Parliament looks set to abandon its outright rejection of the EEC reform package...

Sweden tightens fiscal policy to combat deficit

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM THE SWEDISH Government is tightening its economic policy...

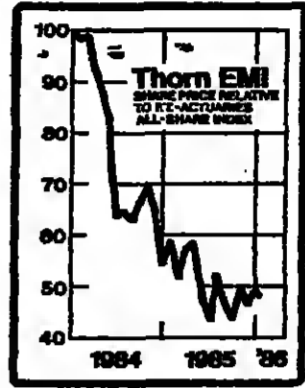
London SE plans £2m boost to its image

By Barry Riley in London THE LONDON Stock Exchange is to launch a £2m (\$2.9m) publicity campaign to boost its image...

THE LEX COLUMN

Driving down Wall Street

The Wall Street stock and bond markets may have suffered their steepest falls in many a year...



Eximbank steps up pressure over French mixed credits

BY NANCY DUNNE IN WASHINGTON THE US Export-Import Bank has pressed its eighth bid in 11 weeks in an aggressive campaign...

Atlanta is competing against Thomson-CSF of France and NEC of Japan. As with the other seven offers...

Agusta chief starts talks with partners

Continued from Page 1 West Germans are concerned, future co-operation with a Westland in which the US helicopter producer Sikorsky has a stake will be severely limited...

Heseltine attacks Thatcher style

Continued from Page 1

Mr Heseltine also charged Sir Robert Armstrong, the Cabinet Secretary, with being responsible for an unprecedented rewriting of Cabinet minutes...



Mr Heseltine

Mr Heseltine, sitting on the opposite side of the Cabinet table from Mrs Thatcher, apparently then collected his papers together and got up saying: 'I'm very worried; it means I must leave.'...

Besides press advertising, the campaign will include the publication of booklets and a programme of lobbying during the passage of the legislation...

In the past few months the role of the stock exchange in several of its existing activities has been threatened by the emergence of new SROs...

Because money is tight - the stock exchange is already committed to spending some £7m on its new market system...

Thorn-Emi

Having thrown open parts of the door to prospective buyers, Thorn-Emi's new management yesterday took the public on a tour of some of the financial skeletons in the basement...

Group of Five ministers to meet in London

Continued from Page 1

to avoid a realignment of currencies before the election. The officials said that European Governments, and particularly West Germany, would resist calls from the US to relax their fiscal policies...

World Weather table with columns for location, temperature, wind, etc.

UK shares tumble

Continued from Page 1

The pound closed at \$1.4530, up from \$1.4435, and at DM 3.5590, up from DM 3.5480. The sterling index, which measures the pound's value against a basket of foreign currencies...

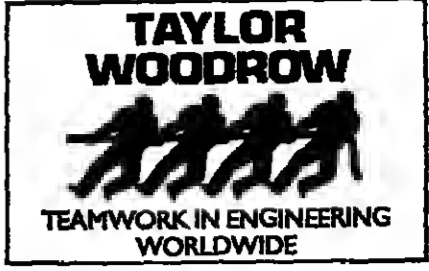
ANZ & GRINDLAYS OPERATE A NETWORK SPANNING 45 COUNTRIES. The Australia & New Zealand Banking Group with its acquisition of the UK based Grindlays Bank...



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday January 10 1986



Chemical Bank hit by higher loan provisions

BY PAUL TAYLOR IN NEW YORK

CHEMICAL New York, the sixth largest banking group in the US, said yesterday that fourth-quarter net earnings fell by 7.5 per cent, in part reflecting substantially higher loan loss provisions and net loan charge-offs.

Several other smaller banking groups have already reported strong earnings growth in 1985 including Barnett Banks, the fast growing Florida-based group, which yesterday posted a 24 per cent gain in full year net earnings and a 29 per cent gain in fourth-quarter net income.

The dip in year-on-year net earnings at Chemical had been expected following a particularly strong 1984 fourth quarter. Chemical said final quarter earnings in 1985 slipped to \$97.6m or \$1.62 a share from \$105.5m or \$2.03 a share in the year-ago period.

A 45 per cent increase in the provision for loan losses in the latest quarter, which increased to \$75.8m from \$52.1m in the year ago period, contributed to the unfavourable year-on-year comparison.

US group to sell Muzak offshoot

By William Hall in New York

MUZAK, the world's leading supplier of "environmental music," which is heard, if not listened to, by an estimated daily worldwide audience of 160m people, has been put up for sale.

CREDIT DU NORD CHAIRMAN FOR PARTNER AT LAZARD FRERES

French bank chief quits

BY DAVID MARGH IN PARIS

MR DAVID DAUTRESME, the chairman of Crédit du Nord, one of the larger French banks nationalised in 1982, is leaving to become a partner at Lazard Frères, the Paris arm of the international investment banking group.



Mr Dautresme: to join Lazard

Although his main job will be to build up expertise on the Paris market, he will be co-ordinating his activities in France with the two other arms of the Lazard organisation in London and New York.

Nissan to lift stake in Spanish subsidiary

By David White in Madrid

NISSAN of Japan is to plough a further \$65m into its loss-making Spanish commercial vehicle subsidiary, Motor Iberica, raising its stake to more than 80 per cent.

Rising losses force Timken to cut US salaries by 8%

BY TERRY DODSWORTH

TIMKEN, the world's leading manufacturer of tapered roller bearings, announced 8 per cent pay cuts for all its US salaried workers yesterday in a retrenchment move to combat rising losses.

The deficit rose to \$11.8m, against net income of \$1.9m or 12 cents a share, in the same quarter of 1984.

Sales in the quarter fell sharply to \$233m from \$270m, and for the year dropped to \$1.1bn from \$1.15bn.

Manuli in stake buy-out

By Alan Friedman in Milan

MANULI, the Milan-based cables, adhesives, plastic film and rubber products group, has bought complete control of the 50-50 joint venture it established in 1973 with the US Uniroyal group.

French agency plans to float

BY OUR PARIS STAFF

CREDIT d'Equipe and Des Petites et Moyennes Entreprises (CEPME), the French state-backed small business financing agency, plans to boost its capital considerably and eventually float its shares on the bourse.

The move, announced yesterday by Mr Jean-Pierre Aubert, chairman, is in line with the agency's aims to expand further its lending activities while increasing profits.

The CEPME, set up five years ago to regroup three existing state-backed institutions, has about FFr 100bn (\$13.5bn) in loans outstanding to 215,000 small businesses around the country.

Philips sales rise F1 6.2bn

PHILIPS, the Dutch electrical group, boosted sales to nearly F1 6bn (\$2.1bn) in 1985 from F1 5.3bn in the previous 12 months, but net profits fell in line with forecasts from F1 1.1bn in 1984.

Otis may form joint venture in Finland

BY OLLI VIRTAMEN IN HELSINKI

OTIS, the US world leader in lifts, could start production in Finland if talks with Valmet, the state-owned metal and engineering group, prove successful.

The two companies may set up a joint venture. A final decision on the deal - which could involve Otis taking a stake in Valmet - depends on the Finnish Trade and Industry Ministry.

Valmet says talks about "co-operation in lift manufacturing" are under way. Valmet makes 200-300 lifts a year under a licensing agreement with Schindler, the Swiss company, for the Finnish market where Valmet has a 30 per cent market share.

Brown Boveri to increase hold on unit

By Jonathan Carr in Frankfurt

BROWN BOVERI, the Swiss electrical engineering group, is now certain to achieve its aim of raising its stake in its West German subsidiary from 65 to 75 per cent - thus giving it closer control over the enterprise.

The Swiss concern announced last month that it planned to boost its holding in Brown Boveri Mannheim, as part of a reorganisation of its activities worldwide.

Trading in Brown Boveri Mannheim shares was suspended at DM 296 (\$129) a share, and the parent offered minority holders a price of DM 318.

Dresdner Bank said yesterday that as a result of the offer 25 per cent of the equity had been advanced for sale - of which Brown Boveri would take 10 per cent.

The transaction is understood to be costing the group around DM 100m including bank and other fees.

Talks to start on Pripps sale

BY DAVID BROWN IN STOCKHOLM

THE SWEDISH Government will begin negotiations early next week aimed at selling its 75 per cent stake in Pripps, the country's leading brewery with annual sales of SEK 2.5bn (\$328.9m).

Volvo, the automotive and diversified industrial group which already holds a 25 per cent stake in Pripps with a book value of SEK 130m, is understood to be a leading contender.

The Pripps operation would complement Volvo's existing food business, which already holds dominant domestic market shares in such areas as mineral water, processed herring and french fries, with annual sales of SEK 5bn.

Procordia, the state-owned holding company, has also been mentioned as a possible buyer.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

These securities, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than the Federal National Mortgage Association.

1st October 1985

FannieMae

Federal National Mortgage Association

8% Dual Currency

Japanese Yen/U.S. Dollar Debentures Due 1995

Issue Price: 101 1/2 per cent. of the Issue Amount, Plus Accrued Interest, if any

Issue Amount: ¥50,000,000,000

Principal Repayment Amount at Maturity Date: U.S. \$240,400,000

Nomura International Limited

Bankers Trust International Limited	Daiwa Europe Limited
LTCB International Limited	Mitsui Trust Bank (Europe) S.A.
Salomon Brothers International Limited	Yasuda Trust Europe Limited
Amro International Limited	BankAmerica Capital Markets Group
Bank of Tokyo International Limited	Banque Indosuez
Banque Paribas Capital Markets	Crédit Lyonnais
Credit Suisse First Boston Limited	Dai-ichi Kangyo International Limited
Goldman Sachs International Corp.	IBJ International Limited
Kidder, Peabody International Limited	Merrill Lynch Capital Markets
Mitsubishi Trust & Banking Corporation (Europe) S.A.	Morgan Stanley International
The Nikko Securities Co., (Europe) Ltd.	Nippon Credit International (HK) Ltd.
Orion Royal Bank Limited	Shearson Lehman Brothers International
The Taiyo Kobe Bank (Luxembourg) S.A.	Takagin International Bank (Europe) S.A.
Tokai International Limited	S. G. Warburg & Co. Ltd.

All of these securities have been sold. This announcement appears as a matter of record only.

December 1985

ENERGY FACTORS

\$70,000,000

8 1/4% Convertible Subordinated Debentures Due 2005

Interest Payable on June 15 and December 15 of Each Year

The Debentures are convertible into Common Stock of the Company at any time prior to maturity unless previously redeemed, at \$24.75 per share, subject to adjustment in certain events.

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

INTERNATIONAL COMPANIES AND FINANCE

Sulzer to boost capital spending by a third

BY JOHN WICKS IN ZURICH

SULZER BROTHERS, the Swiss engineering concern, intends to spend a total of Sfr 270m (\$128.5m) on group-wide capital investments this year.

140m for 1984 - because of what the company called the "uncertain development of the market".

reorganisation of loom manufacturing and the concentration in Oberwinterthur of stainless steel components production.

Thyssen unit cuts dividend

THYSSEN AG's special steels arm, Thyssen Edelstahlwerke AG, is cutting its profit transfer to the parent company to DM 22m (\$8.8m) from DM 48m a year earlier, Beater reports from Düsseldorf.

KKR seeks to alter terms of \$6.2bn bid for Beatrice

BY WILLIAM HALL IN NEW YORK

KOHLBERG Kravis Roberts (KKR), the New York investment bank, is seeking to modify the terms of its \$6.2bn bid for Beatrice, the US food and consumer products group, leading to speculation on Wall Street that the biggest leveraged buy-out in US corporate history is running into difficulties.

twice and there has been considerable speculation in financial circles about the aggressive final terms of the leveraged buy-out.

Mr Harold Simmons, the Texas investor who has bid for Sea-Land, stepped up the pressure on the shipping group by lifting his stake from 34.8 per cent to 39.3 per cent, writes Our Financial Staff.

Svenska Handelsbanken
US\$ 100,000,000 12 3/4% Notes 1989
NOTICE IS HEREBY GIVEN that pursuant to Condition 4(b) of the Notes, US\$ 4,505,000 principal amount of the Notes has been drawn for redemption on 10th February 1986, at the redemption price of 101% of the principal amount, together with accrued interest to 10th February 1986.

SallieMae
STUDENT LOAN MARKETING ASSOCIATION
\$20,000,000,000/U.S.\$110,497,200
8% Dual Currency Yen/U.S. Dollar Notes
due December 19, 1995
These Securities have been sold outside the United States and Japan to non-U.S. persons. This announcement appears as a matter of record only.

2,500,000 Shares
The Colonial Group, Inc.
Class A Common Stock
Lazard Frères & Co. Merrill Lynch Capital Markets
Bear, Stearns & Co. Inc. The First Boston Corporation Alex. Brown & Sons Dillon, Read & Co. Inc.

DAIWA EUROPE LIMITED
JAPANESE EQUITY WARRANTS SERVICE
ISSUER - Warrant expiry date
AICA KOEYO 17/9/80
AJINOMOTO 3/12/80
CASIO COMPUTERS 6/3/80

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Azienda Autonoma delle
Ferrovie dello Stato
Floating Rate Notes due 1999
NOTICE IS HEREBY GIVEN that pursuant to Condition 7(b) of the Notes, Azienda Autonoma delle Ferrovie dello Stato (the "Company") has elected to redeem on February 28, 1986 (the "Redemption Date") all of its outstanding Floating Rate Notes due 1999 (the "Notes") at par plus interest accrued to the Redemption Date.

INTL: COMPANIES & FINANCE

Rupert Cornwell on the solid base of Germany's leading publisher Springer's heirs prosper



Mr Axel Springer: measures to preserve independence

COMPARATIVELY FEW are the monarchs who manage successfully to ensure that their wishes are for long respected beyond the grave. But Axel Springer, the late West German press magnate, bodes well to be one of them.

Mr Springer, who after the war built up what is today Europe's largest newspaper and magazine empire from next to nothing, died last September. But in the 12 months before his death he pushed through a series of measures to preserve both the independence of his group and its financial well-being—conceivably into the next century.

24.9 per cent of Axel Springer Gesellschaft für Publizistik AG, then the Springer master company. Mr Springer himself kept the remaining 75.1 per cent leaving the basic problem unresolved: how to avoid huge death duties and the possible passage of the group into hostile hands.

Springer also made sure that an 80 per cent majority was required to overturn the controversial four principles by which every journalist in the group is bound: commitment to the peaceful reunification of Germany, to reconciliation with the Jews and the defence of Israel, to the free market and to the fight against totalitarianism in all its forms.

Fujitsu sees sharp decline

TOKYO — Fujitsu, the Japanese computer group, and its 113 subsidiaries and affiliates are expected to suffer a large net profit decline in the 1985 business year ending in March, company executives predicted yesterday.

to reach ¥1,710bn (\$8.4bn), up 9 per cent from a year before, but net profit is expected to decline 45 per cent to ¥40bn, the first drop since consolidated reports commenced in 1977.

KLSE plays down cost of forward contracts

BY WONG SUIJONG IN KUALA LUMPUR

THE difficulties of Malaysian stockbrokers caught with forward share purchase contracts may be less serious than originally feared, and their exposure at this stage could be less than 100m ringgit (US\$41m), according to Mr Nik Mohamed Din, the newly-elected Kuala Lumpur Stock Exchange chairman.

stock markets were suspended for three days because of problems arising from the Pan-Electric crisis. It is believed that many forward contracts, worth as much as 80m ringgit, have been unwound in the past few weeks as they matured.

THE NATIONAL COMMERCIAL BANK Representative Office, London Change of address Please note that with effect from January 13 1986 our new address will be: Bevis Marks House Bevis Marks London EC3A 7JB Telephone: 01-283 4233 Telex No. 8952594G 'NCBLON'

Weak rand helps boost Gold Fields mines' profits

BY KENNETH MARSTON, MINING EDITOR

RECORD PRICES for gold in terms of the weak South African rand have boosted December quarter earnings of the mines in the Consolidated Gold Fields group by 31 per cent to a total of R273.4m (£76.5m or \$110m).

costs in check after the increase seen in the September quarter. Net profit increases of the order of 27 per cent have been achieved at Klond, Driefontein and Liberton, mainly in line with the higher gold prices obtained.

Citicorp Banking Corporation U.S. \$250,000,000 Guaranteed Floating Rate Subordinated Capital Notes Due July 10, 1997 Unconditionally Guaranteed on a Subordinated Basis by CITICORP

GOLD MINE NET PROFITS table with columns for Dec, Sept, June and rows for Driefontein, Klond, Liberton, Venterspost, Witwatersrand.

U.S. \$100,000,000 International Paper Company 10 1/2% Notes Due 1993 MORGAN STANLEY INTERNATIONAL CREDIT SUISSE FIRST BOSTON KIDDER, PEABODY INTERNATIONAL ALGEMENE BANK NEDERLAND N.V. etc.

U.S. \$300,000,000 Crédit Lyonnais Subordinated Floating Rate Notes Due 2000 Interest Rate 8 1/8% per annum

Kingdom of Sweden U.S. \$700,000,000 Floating Rate Notes due 2005 and 3/4% Income Rights due 1990

U.S. \$600,000,000 Banque Nationale de Paris Party Paid Registered Floating Rate Notes Due 1995 Interest Rate 8.05% p.a.

ENTE NAZIONALE PER L'ENERGIA ELETTRICA U.S. \$100,000,000 Floating Rate Debentures due 1987

DG FINANCE COMPANY B.V. Amsterdam, The Netherlands DM 300,000,000 Floating Rate Notes of 1986/1996 Issue Price: 100% Secured on a Deposit with DG BANK Deutsche Genossenschaftsbank

U.S. \$250,000,000 THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES Euro-note Programme Dealer: Credit Suisse First Boston Limited Paying Agent: Bankers Trust Company Sub-Paying Agent: Swiss Bank Corporation Issue Agent: Credit Suisse First Boston Limited

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

RENE LAPAULTRE is a small man who likes to puff at oversized Cuban cigars. He also has large ambitions. As the chairman of Union de Transports Aeriens (UTA), the French independent airline specialising in long-distance routes to Africa and the Far East, he is not afraid to take on a much bigger rival. In his quiet way, he has just issued a not altogether veiled challenge to his much larger domestic competitor, the French state carrier Air France.

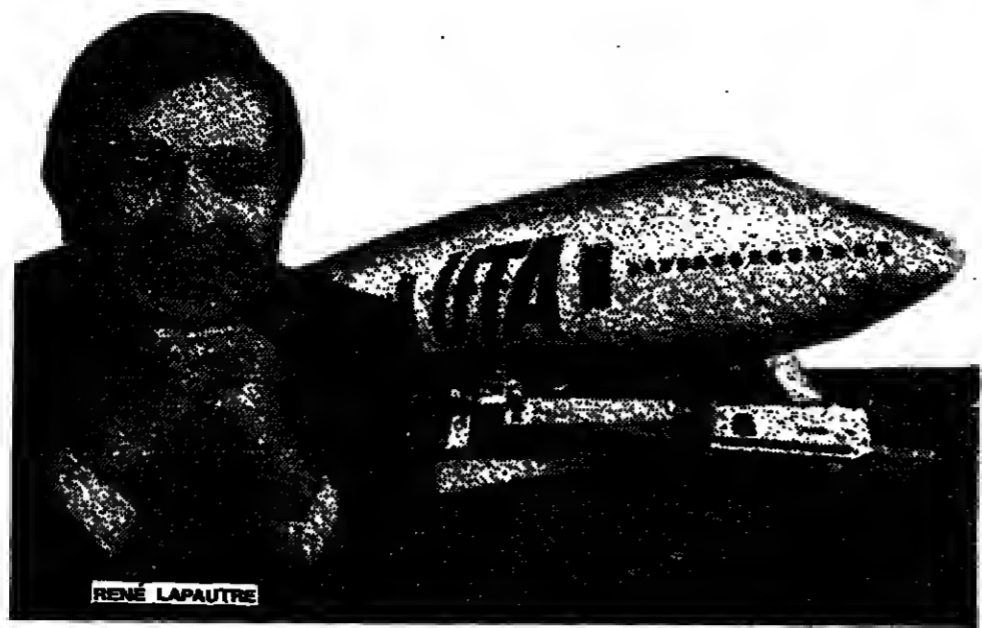
For Lapaultre is now seeking to break an old pact with his domestic rival by applying for rights to fly to the US, and eyeing possibilities to fly elsewhere in Europe outside France. Up to now, these have been the sacred preserve of Air France. Indeed, for the past 22 years, under a French government agreement, Air France and UTA split the world between them. The private airline, owned by the Chargeurs shipping and transport group and part of the Schlumberger family empire, was given a major slice of Africa and a number of Far Eastern destinations, including Tahiti and New Caledonia. The state carrier flew everywhere else in the world.

For many years it proved an equitable arrangement. UTA thrived on its long haul business, with African traffic growing steadily by 10 to 15 per cent a year. But in recent years, circumstances have changed dramatically and UTA has been hit more than most airlines by the evolution in international air travel competition.

Lapaultre says his African business, which accounts for about two-thirds of UTA's annual traffic, has inevitably suffered from the economic and political situation in some countries like Nigeria, Libya and South Africa. The economic recession and political problems have also had an impact on Far Eastern routes.

"Many people joke about filling our aircraft with gendarmes flying to cope with the problems of the French territory of New Caledonia. But gendarmes are not a big market of the future," remarks the UTA chairman. "The extra gendarmes we have flown have hardly made up for the one-third fewer Japanese tourists and Australian visitors flying the New Caledonia route."

UTA has also faced new competitors on its traditional African and Far Eastern patches, and the decline in value of several local currencies where UTA has made the bulk of its profits, which totalled FF219m in 1984, the French airline is now having to com-



Flying to fresh skies

Paul Betts on the expansion plans of a thrusting French airline

pete against an increasing number of European airlines like Swissair, Lufthansa, British Caledonian, and KLM. In the Far East, which is near to breaking even, UTA has had to fight against intense competition from Asian and European carriers.

To cope with the developing competition in the long distance airline business, Lapaultre launched a strategy designed to cut staff and costs (since 1981 UTA has shed 600 jobs and currently employs about 6,600 people); to modernise his fleet by acquiring new Boeing 747 combined freight and passenger aircraft in their stretched upper deck version in order to give maximum passenger or cargo flexibility; and to improve the quality of service by introducing a business class called "Galaxy."

Judging from the initial financial results, the strategy has already paid dividends. UTA is expected to report earnings of between FF1 600m-FF1 650m for 1985, sharply higher than the year before, according to Lapaultre, who before taking the helm at UTA was a key figure at Air Inter, the French domestic airline in which UTA has a 15 per cent shareholding. Although the big jump in 1985 profits includes a FF1 300m special gain from an insurance claim to replace a Boeing 747 damaged by fire at

Charles de Gaulle airport in Paris last year, it is nonetheless a strong performance considering the general environment in which UTA operates.

But Lapaultre believes that in the long term UTA will have to expand its services to North America and Europe if it is to remain competitive. At present UTA has no rights to fly outside France in Europe. "This is one of our big handicaps," says Lapaultre. "At present we must rely on other companies to bring our European customers to Paris to catch our flights." Apart from the competitive disadvantage now that a growing number of European airlines are flying some of UTA's African routes, this also poses headaches for setting fares.

In the current climate of deregulation in the airline business, Lapaultre has been increasingly campaigning for UTA to be given European rights (he is eyeing especially London, which is a major source of UTA passengers). He has also campaigned at the Association of European Airlines (AEA) for acceptance of the idea of so-called dual designations, enabling two airlines from the same country to fly to the same place in Europe. "The problem is that there are basically only two countries in Europe with two international airlines. These are the UK with

British Airways and British Caledonian, and France with Air France and us," he explains. "It is obvious that other countries with only a state carrier are not interested or keen on dual designation." Lapaultre also believes that it is not enough to have bilateral agreements between European countries. "What we need is a real common market for airlines," he says, adding that a lot is at stake for UTA on this issue.

But the European airline deregulation process is likely to be a complex and long business. In the meantime, UTA is developing provincial bases in France to attract more customers at a regional level. In particular, Lapaultre sees great promise in expanding business around Lyon.

UTA has already made an initial move in the North American market by bidding against Air France for the rights to fly from Paris to San Francisco. "It is the first time in many years that two French airlines have asked for the same destination. The Americans do not care which airline gets the route. It will be for the French Government to decide in the coming months." The state airline, which has enjoyed a monopoly of French transatlantic flights for so many years, is clearly upset by its smaller rival's initiative. "But the UTA chairman argues that at a time when a growing

number of US airlines are flying to France, it would be in the country's interests to have two French carriers offering transatlantic services. "Air France is very powerful. But it cannot do everything in the US. It would be in the country's interest to have my company's interest to have my company's growth of Air France."

Lapaultre says he has no intention of bidding for routes like that to Miami—which fall into the natural parish of Air France. "Air France has extensive business in the Caribbean and South America. We don't. It makes sense for it to go to Miami. But San Francisco would reinforce our position in the Pacific by allowing us to offer a shorter transatlantic route as well as our existing Far Eastern service," he explains, adding that all his efforts to expand UTA's flights into Europe and North America are designed to consolidate the carrier's existing long distance services as well as to help win new business.

He would like to see a similar situation develop in France as in the UK, where British Airways and British Caledonian have now a far more flexible relationship on international routes than before.

Lapaultre is also planning to introduce new fare incentives to attract customer loyalty. And he is considering a new fares structure offering reductions on certain flights. Lapaultre pioneered at Air Inter a successful system which offers families of domestic flights a variety of tariffs on different days at different times of the year. In another new venture, he is introducing television sets in his Boeing 747's this spring, so as to offer in-flight TV video programmes as well as in-flight movies.

The television project coincides with the recent controversial entry of UTA's parent company, Chargeurs, in the private television business. Chargeurs has teamed up with Mr Silvio Berlusconi, the Italian television entrepreneur, to start next month France's first private commercial television network called Channel 5.

Lapaultre claims that UTA was thinking about introducing videos on flights before Chargeurs launched itself in the private television venture. But one of Mr Lapaultre's close assistants sees an interesting parallel between the Chargeurs television project and UTA. "UTA has for years lived alongside its much bigger state owned rival Air France. The new Channel 5 will now be learning to live much in the same way with the three other French state owned television networks."

Inventory control

The crippling cost of 'just in case'

By Nick Garnett

JAPANESE manufacturers realised years ago that the cost of financing large inventories is far more crippling to corporate profitability than are labour costs. But many European companies are still wedded to the wasteful old doctrine of "just in case" rather than the Japanese doctrine of "just in time."

A controversial report by A. T. Kearney, the management consultancy, maintains that many British manufacturers persist in the belief that "maximising" plant, machinery and people is the best way to run a business.

All this does, says Kearney, is build up inventories, at a cost to manufacturers of £5bn a year in financing and storage charges. What they should be doing is producing the highest saleable output by using practices they are generally reluctant or unwilling to follow.

Such methods would include finding other products to make—zero at marginal cost where such marginal cost makes it cheaper than producing for stock—lowering work throughput, and even switching off machines or whole production lines.

This line of reasoning is broadly accepted by many other consultants, who do not believe that the traditional Japanese practice of depending on small suppliers can fully explain why a company like Canon makes thousands of photocopiers a week but runs on less than one day's stocks.

Kearney likes global statistics. It estimates for example that UK manufacturing inventory amounts to £23bn worth of materials, and that this tied up capital could be cut by a third. This is based on results achieved by more than 20 of its clients, ranging from a commercial vehicle maker which cut inventories by almost a third, to a large cosmetics business that managed 70 per cent.

Some of Kearney's conclusions make decidedly unhappy reading. "It is our experience that, despite an enormous investment in com-

puter based systems, the mechanisms for scheduling purchases and production are little better than the manual systems they have replaced," says David Harland, head of Kearney's manufacturing systems and materials management group. In other words purchasing departments know little more about controlling inventories with computers than they did with stock cards.

According to a survey of companies last year by the Northamptonshire-based Institute of Physical Distribution Management (IPDM) inventory costs and storage as a percentage of sales turnover vary considerably from sector to sector.

In food and drink it is 3.9 per cent (more than two thirds of which is storage) while in vehicles it is 5.3 per cent (less than half of which is storage). The average for all sectors is under 4.5 per cent. When transport costs and the tricky-to-determine cost of inventory administration are lumped in, overall distribution absorbs an average of 11.6 per cent of sales turnover.

The consultancy Arthur Young argues that switching on and off for some industries is inappropriate—for example processing chemicals and oil, where continuing production keeps overall energy costs down. It also makes a distinction between say, the manufacture of dog food—where a lengthy process of adding ingredients, colouring and taste is not suitable as a process for regular stopping and starting—and jam making, where it perhaps could be.

In any case, says Arthur Young, one of the impediments among manufacturers of tinny food and other High Street suppliers is the three, four or five week shelf stocks maintained by many supermarkets.

Nevertheless there are many companies where "just in time", and producing to need, are put into practice because the logic or economics and distribution dictate it. Arthur Young itself points to one example—a breadcrumb manufacturer in Lincolnshire supplying Ross, the points to one example—a breadcrumb manufacturer in Lincolnshire supplying Ross, the frozen food company. The breadcrumb maker knows only the afternoon before the day he has to supply, just how much fish for fish fingers Ross has bought at Grimsby docks. It must use a mixture of forecasting (producing a stock of breadcrumbs) and through-the-night production in order to meet requirements the following morning at the lowest cost to itself.

Of course the best of both worlds is to have plants running flat out to meet a full order book while you run a finely tuned "just in time." This is a combination many manufacturers now only dream about.

NEW MATERIALS



Even high technology begins with the basics. That's why Hitachi has always placed special emphasis on developing and producing materials for use in its own products. Over the past half century, independent R&D has led us to breakthroughs in metal alloys, electrical insulators, chemicals and magnetic materials. And by applying uncommon ideas to common materials, we're creating super-substances with features previously undreamed of.

Like turning lead into gold

Today, the results of Hitachi research are in use all around you. Business printers achieve higher resolution thanks to such exotic-sounding materials as "organic photoconductors." Ultrahigh-capacity floppy disks are being created with our "amorphous thin film" alloys. Turbines rely on our structural alloys. Lightweight parts for automobile turbochargers and engines are being made from our fine ceramics, as are packages for advanced microchips.

In fact, we are constantly coming up with innovations and new applications. One is a silicon-carbide (SiC) material that rivals diamond in its ability to combine incompatible characteristics: high electrical resistance

and high thermal conductivity. Because it can be inexpensively produced, SiC is opening a variety of possibilities, such as powerful X-ray generating equipment that will lead to new medical breakthroughs.

The best of worlds is yet to come

Our vision of the future includes video disks that can be erased and re-recorded because they are made of a temperature-sensitive metal that stores images and sounds as bits of alterable colour. Energy-generating fusion reactors that will use special ceramic refractories for core linings. And much, much more.

We'd like you to share in the benefits of our scientific research, covering the next generation of robots, sensors and other electronic devices. For improved business efficiency. For a higher quality of life. Two goals we've pursued for 75 years as part of our commitment to a better world through electronics.

WE BELIEVE NEW MATERIALS DETERMINE THE SHAPE OF THINGS TO COME



UK COMPANY NEWS

Problems at Inmos depress Thorn EMI

Thorn EMI, the troubled electronics group, yesterday reported a collapse in interim profits from £40.2m to £11.4m...

This would indicate a full year result of around £90m compared with a depressed £109m last time. Cash management still remains the group's top priority...



Mr. Colin Southgate (left), managing director of Thorn EMI, and Sir Graham Wilkins, chairman...

Rental and retail was the only product group to record an improvement over the six months to end-September 1985...

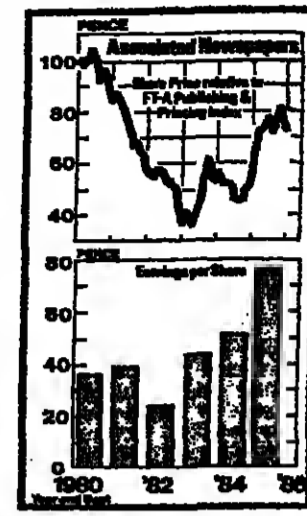
by delays in the introduction of new products. Many of these products had now been released with a significant improvement in the company's brand position...

Sedgwick advances in third quarter

THIRD QUARTER pre-tax profits at Sedgwick Group rose from a re-stated £27.2m to £30m, giving improved figures of £105m for the nine-month period to September 30...

Assoc. Newspapers beats forecasts with record £41.9m

Associated Newspapers Holdings yesterday unveiled its 1985 results which showed profits comfortably ahead of City expectations...



should continue in the second half, but he warned that profits from the provincials would be adversely affected by NGA industrial action.

Finance charges retard Electronic Rentals

Electronic Rentals Group yesterday reported a small increase in taxable profits from £7.4m to £7.7m for the six months to end-September 1985...

Since the end of the period the company has also acquired Telefusion which represents a major advance in the strategy which was adopted some two years ago...

Telefusion acquisition the interim dividend is 1.16p (same). Earnings per share were 1.8p (1.7p) after tax of £3.95m (£3.8m).

operating profits while an inevitable question mark hangs over the translation of earnings from Australia and South Africa. The prospective p/e of 23:1 of 46p, down 2p, still looks a touch on the high side.

Cala in £3.7m cash call

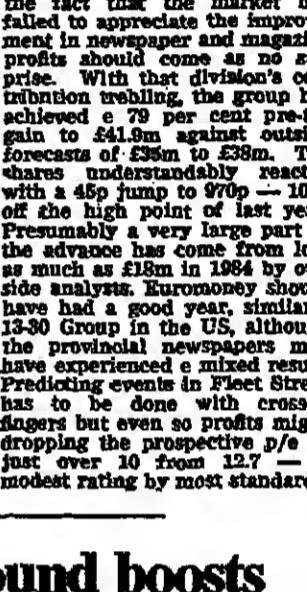
City of Aberdeen Land Association the Edinburgh-based housing and development group, is making a £3.66m rights issue to finance the next stage of its growth...

Small rise at S. Banks

Stacey C. Banks, the Bedfordshire grain and agricultural merchant, has managed a small rise in profits despite a drop in turnover in the six months to October 1985...

Growth all round boosts Valin Pollen 85% to £1.1m

WITH EACH of its subsidiaries achieving growth significantly in excess of the industry average Valin Pollen International was able to lift its 1984-85 pre-tax profits by 85 per cent...



The Nippon Credit Bank (Curacao) Finance N.V.

US\$ 100,000,000 12% Guaranteed Notes due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(b) of the Notes, US\$ 6,000,000 principal amount of the Notes has been drawn for redemption on the 13th February, 1986...

Table listing serial numbers of notes drawn for redemption, including columns for note number and principal amount.

On the 13th February, 1986, the said redemption price will become due and payable on each Note to be redeemed, together with accrued interest from 30th January, 1986 to 13th February, 1986 amounting to US\$ 23.25 per US\$ 5,000 Note...

Bankers Trust Company, Dashwood House, 69 Old Broad Street, London ECP 2EE. Banque Indosuez Luxembourg, 39 Allée Scheffer, Luxembourg. Swiss Bank Corporation, Aeschenvorstadt 1, CH-4002 Basle, Switzerland.

BOARD MEETINGS

Table listing board meetings for various companies including Abbey, First Security, Fleming-Glenville, Wiggins, etc.

Burnett property sales raise £1.9m

Burnett and Hallamshire, the troubled coal mining and property group which is in the throes of a financial reconstruction, has sold 10 shares to raise £1.9m...

Directors of Cala

Directors of Cala, who hold 23.5 per cent of the existing equity, and Stanhouse Western which controls a further 18.4 per cent, intend to take up their rights. There will be an extraordinary general meeting on January 27.

Bank of Scotland Base Rate advertisement. The Royal Bank of Scotland announces that with effect from 9th January 1986 its Base Rate will be increased from 11.50% per annum to 12.50% per annum.

UK COMPANY NEWS

Pearson selling Fairey Engineering

By Nick Garnett

Fairey Holdings, the engineering arm of Pearson, is negotiating with three other companies...

Fairey Engineering had a turnover of more than £50m last year, out of Fairey Holdings' £16m...

The negotiations do not affect Fairey Holdings' other businesses, which centre on more advanced engineering...

The company told union officials at Fairey Engineering's headquarters in Stockport...

Fairey Engineering's products include a very successful medium girder bridge manipulators and nuclear waste containers...

Fairey is thought to be discussing a separate sale of the business...

Horizon Travel

IEP Securities, a subsidiary of the investment group run by leading New Zealand businessman Mr Ron Brerley...

The reply was non-committal but while the recovery potential in the travel industry is good...

Beazer buys again and wins control of Kier

BY DAVID GOODHART

C H Beazer, the fast-growing house builder, yesterday won control of construction group French Kier...

Beazer bought another 2.8m shares yesterday morning, taking its total stake to 51.17 per cent...

Beazer, which at present has five executive directors and two non-executive directors...

Another point of contention is the future of Mr Mott, himself. He has been offered the non-executive post but says...

Mr Mott would like the role of non-executive deputy chairman but seems unlikely to get it...

Beazer even if it cannot stop the take-over. It could, for example, recommend that shareholders accept only Beazer's cash offer...

That would take time and leave the staff and middle management of the construction group...

Beazer has said that it will send out its final offer document today. It has already told French Kier's two non-executive directors...

Beazer has said that it will send out its final offer document today. It has already told French Kier's two non-executive directors...

NEW LIFE BUSINESS

New premiums down at L and G

Legal and General, Britain's second largest life insurance company, yesterday reported a fall in new business...

New annual premiums worldwide, excluding managed and segregated funds, fell almost 4 per cent from £1.24bn to £1.187bn...

Both of the group's pension investment services did better in 1985. New premiums on the managed fund rose from £91.4m to £96.4m...

Employed pensions business saw annual premiums up from £6m to £8.5m, but single premiums fell from £2.7m to £1.5m...

The group's unlinked operation, now well established, continued to progress. New annual premiums rose marginally from £13.7m to £13.8m...

Record business for Scottish Amicable

SCOTTISH Amicable Life Assurance achieved record new business in 1985 with new annual premiums on individual life and pensions business...

The company's mortgage related business, a field in which it is a leader, held up well despite a difficult first half...

The company's group pension business did well with the number of clients using the highly successful managed pension fund SCAMPFI rising from 622 to 696...

In contrast, the company's ordinary investment linked business was dull in 1985 as competition grew from other conventional life companies...

The company's group pension business did well with the number of clients using the highly successful managed pension fund SCAMPFI rising from 622 to 696...

COMPANY NEWS IN BRIEF

DEWHURST AND PARTNER, manufacturer of electrical control equipment, raised pre-tax profits from £214,602 to £408,228 in 62 weeks ended September 29 1985...

STEWART & WIGT, London property investor, lifted pre-tax profits from £23,001 to £30,589 for the six months to September 23 1985...

ASHDOWN Investment Trust announced pre-tax revenue up 6.1 per cent to £1.56m for the year to November 30 1985...

£1.63m (£1.52m), deposit interest £206,000 (£135,000) and underwriting income £81,000 (£35,000); Expenses and interest were £253,000 (£232,000) and tax took £102,000 (£96,000)...

MORGAN CRUCIBLE has sold a magnetic mine owned by its Australian subsidiary for A\$1.9m. The mine formed part of the Australian-based Kaiser and Harbison Walker refractory interests acquired by Morgan Crucible last year...

OLDCRE HOLDINGS' pre-tax profits for the six months to September 30 1985 were virtually unchanged at £808,000, compared with £802,000, on turnover up

from £40.8m to £43.7m. The interim dividend is raised from 1.5p to 1.65p net and stated earnings per share improved from 3.14p to 3.44p. Oldacre is engaged in a major restructuring...

OCEAN Transport & Trading, the industrial distribution group, is buying three businesses: Freedom Ltd, a liquefied petroleum gas distributor based near Sheff; Coys of St Helens, a freight forwarding company, and C. Checkley, a truck tyre and canvas supplier. Ocean is also to reorganise Western Point docks near Southampton as a bulk handling terminal...

RENTOKIL GROUP is making three acquisitions to develop its UK office cleaning business to a turnover in excess of £5m-up 100 per cent in two years. It is buying Centreclean, Carlton

Cleaning (Scotland) and Alliance Cleaning Services. The cost is in excess of £400,000.

QUEEN'S MOAT Houses' offer for Deans Park Hotels Group has been accepted in respect of 82.72 per cent of the shares. The offer remains open; the cash alternative has closed.

DALE ELECTRIC International has bought a 40 per cent stake in Witec and Busch, the Nigerian trading house, from Deutsch Africa. Gesellschaft for £350,000. The cost, £200,000 will be met by share issues. Dale has issued 147,050 ordinary shares in respect of £100,000.

LADBROKE INDEX 1,369-1,112 (-13) BSE 100 Index Tel: 01-427 4411

MITSUI FINANCE ASIA LIMITED (Incorporated in the Cayman Islands) US\$100,000,000 12 1/2% Guaranteed Notes Due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 7(B) of the 12 1/2% Notes, US\$100,000,000 principal amount of the Notes has been drawn for redemption on 10th February, 1986...

The serial numbers of the 12 1/2% Notes drawn for redemption are as follows:-

Table with 10 columns of serial numbers for Mitsui Finance Asia Limited notes.

On 10th February, 1986, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1985, to but excluding 10th February, 1986...

Payment of the Notes to be redeemed will be made on or after 10th February, 1986, upon presentation and surrender of the said Notes, with all coupons appertaining thereto...

Mitsui Finance Trust International Limited Fiscal Agent

Table with columns: Company Name, Current Dividend, Date of Payment, Corresponding Dividend, Total Dividend, Last Year's Dividend.

Table for Granville & Co. Limited, Over-the-Counter Market, listing various stocks with prices and yields.

DSL Bank advertisement featuring the bank logo and details for DM 100,000,000 floating rate notes.

Lombard North Central advertisement for 14 Days Notice and Cheque Savings Accounts.

Notice of Mandatory Redemption to the holders of the outstanding U.S. \$20,000,000 floating rate notes due 1988, issued by Empresas La Moderna S.A.deC.V.

FT COMMERCIAL LAW REPORTS

Digest of Michaelmas Term cases

FROM NOVEMBER 29 TO DECEMBER 30 1985

Regina v London Regional Passengers Committee, ex parte London Borough of Brent and Others (FT, November 29).

action, the Court of Appeal held he had a direct interest in its outcome, and his disinterestedness to benefit, incurred when he was prevented from working, survived for the duration of the stoppage.

Inland Revenue Commissioners v North Sea Ltd (FT, December 4).

Regina v Secretary of State for Social Services, ex parte Basmare Medical Supplies Ltd (FT, December 6).

Cartledge v Chief Adjudication Officer (FT, December 4).

Janred Properties Ltd v Este Nacional per El Turismo No 2 (FT, December 17).

Palatine Graphic Arts Ltd v Liverpool City Council (FT, December 11).

Williams & Humbert v W & H Trade Mark (UK) Ltd and others; Russias SA and others v Multivest (UK) Ltd and others (FT, December 29).

By Aviva Golden. FT Commercial Law Reports resume on Tuesday, January 14.

regarding the agreement's validity and was answerable in damages. The defence of ultra vires would have been applicable only if Enit's constitution did not allow for property purchase or if failure to receive ministerial authority rendered the agreement a nullity under Italian law.

Regina v Comptroller-General of Patents, Design and Trade Marks, ex parte Glaxo-Breco NV and Another. Allen and Hanbury Ltd v Generics (UK) Ltd (FT, December 12).

Nottinghamshire County Council v Secretary of State for the Environment; City of Bradford Metropolitan Council v Secretary of State for the Environment (FT, December 13).

Williams & Humbert v W & H Trade Mark (UK) Ltd and others; Russias SA and others v Multivest (UK) Ltd and others (FT, December 29).

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Palatine Graphic Arts Ltd v Liverpool City Council (FT, December 11).

By Aviva Golden. FT Commercial Law Reports resume on Tuesday, January 14.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts with columns for Name, Investment Objective, and other details.

A profile of the typical reader of THE BANKER. Includes text about the banker's role and contact information for The Banker.

F.T. CROSSWORD PUZZLE No. 5918

Crossword puzzle grid with clues for Across and Down.

APPOINTMENTS BSR International finance director

Mr Jack Haggarty has been appointed to the board of BSR INTERNATIONAL as finance director. Previously the group company secretary, he will be based at BSR's head office in Hong Kong and succeeds Mr Philip Robinson, who resigned for personal reasons at the end of last year.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

Vertical text on the right edge of the page, possibly a page number or additional page information.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing columns for various financial entities, their names, addresses, and contact information, organized under the title 'AUTHORISED UNIT TRUSTS & INSURANCES'.

INSURANCES

Table listing insurance companies and their details, located under the 'INSURANCES' section header.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including columns for fund names, codes, and values.

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OFFSHORE AND OVERSEAS

OPTIONS

3-month call rates

Table of 3-month call rates with columns for currency, rate, and other details.

NOTES

Notes section containing financial commentary and market analysis.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES Dollar loses ground

The dollar fell sharply yesterday afternoon on rumours that Arab nations may liquidate their US dollar holdings in response to the freezing of Libyan assets in the US.

£ IN NEW YORK

The dollar closed at \$204.05 against the pound on Wednesday. The dollar fell against the yen but held against the Swiss franc.

FINANCIAL FUTURES Weaker trend

Prices continued to fall in the London International Financial Futures Exchange yesterday in very active trading.

LONDON

Table with columns for 20-YEAR 12% NOTIONAL GILT, 10% NOTIONAL SHORT GILT, and US TREASURY BONDS. Includes sub-sections for CHICAGO and LONDON.

POUND SPOT—FORWARD AGAINST POUND

Table showing exchange rates for various currencies against the pound, including US, Canada, and others.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values for various countries like Argentina, Australia, and others.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table showing exchange rates for various currencies against the dollar, including UK, Ireland, and others.

OTHER CURRENCIES

Table showing exchange rates for currencies like the Australian dollar, Canadian dollar, and others.

CURRENCY FUTURES

Table showing futures prices for various currencies, including the pound and the dollar.

EXCHANGE CROSS RATES

Table showing cross-exchange rates between major currencies like the dollar, pound, and yen.

CURRENCY RATES

Table showing current exchange rates for various currencies against the pound and dollar.

STERLING INDEX

Table showing the sterling index for various currencies and time periods.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits and loans.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing the rates of the European Monetary Unit (ECU) against other currencies.

MONEY MARKETS UK rates show further rise

Wednesday's one point rise in UK base rates failed to dispel nervousness yesterday. Interest rates were marked up amid fears of falling oil prices.

lending rates unchanged after yesterday's meeting of the central council. Short term interest rates remained steady despite Wednesday's net outflow of some DM 5.1bn of liquidity.

UK clearing banks base lending rate 12 1/2 per cent since January 9.

NEW YORK RATES

Table showing interest rates in New York for various terms and currencies.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies in London.

LONDON MONEY RATES

Table showing money market rates in London for various terms.

MONEY RATES

Table showing money rates for various currencies and terms.

RESERVE BANK OF ENGLAND

Table showing the Bank of England's policy rates and other financial data.

RESERVE BANK OF AUSTRALIA

Table showing the Reserve Bank of Australia's policy rates and other financial data.

Advertisement for Samsung Semiconductor & Telecommunications Company Limited, featuring a 'Currency Swings: Cutting Your Risks' headline and details about floating rate notes.

Advertisement for National Financiera S.A. offering US\$100,000 floating rate notes.

Advertisement for Nikko Securities Co Ltd, a European securities company.

Large advertisement for 'INTERNATIONAL BUSINESS PHRASE-BOOK: LESSON 1' with a cartoon illustration and the text 'When it comes to asking anything about international business information, the French have a phrase for it: J'aime bien la tour Monsieur Eiffel. Mais si vous voulez savoir «comment», appelez le Financial Times.' It includes a coupon for requesting the book.

LONDON SHARE SERVICE

BRITISH FUNDS - Table with columns for Stock, Price, Div, Yield, and % Chg. Includes various fund names like 'Shorts (Lives up to Five Years)'.

AMERICANS - Cont. - Table with columns for Stock, Price, Div, Yield, and % Chg. Lists various American stocks.

Five to Fifteen Years - Table with columns for Stock, Price, Div, Yield, and % Chg. Lists funds with 5-15 year maturities.

Over Fifteen Years - Table with columns for Stock, Price, Div, Yield, and % Chg. Lists funds with over 15 year maturities.

Updated - Table with columns for Stock, Price, Div, Yield, and % Chg. Lists updated fund data.

Index-Linked - Table with columns for Stock, Price, Div, Yield, and % Chg. Lists index-linked funds.

Investment and projected rates for 1985 and 1986. Includes a note about the 12% floor on parastatals.

INT. BANK AND OSEAS GOVT. STERLING ISSUES - Table with columns for Stock, Price, Div, Yield, and % Chg.

BANKS, HP & LEASING - Table with columns for Stock, Price, Div, Yield, and % Chg.

CORPORATION LOANS - Table with columns for Stock, Price, Div, Yield, and % Chg.

COMMONWEALTH & AFRICAN LOANS - Table with columns for Stock, Price, Div, Yield, and % Chg.

LOANS - Table with columns for Stock, Price, Div, Yield, and % Chg.

Public Board and Ind. - Table with columns for Stock, Price, Div, Yield, and % Chg.

BEERS, WINES & SPIRITS - Table with columns for Stock, Price, Div, Yield, and % Chg.

FOREIGN BONDS & RAILS - Table with columns for Stock, Price, Div, Yield, and % Chg.

AMERICANS - Table with columns for Stock, Price, Div, Yield, and % Chg.

BUILDING, TIMBER, ROADS - Cont.

Table listing various building, timber, and road stocks with columns for Stock, Price, Div, Yield, and % Chg.

DRAPERY & STORES - Cont.

Table listing various drapery and stores stocks with columns for Stock, Price, Div, Yield, and % Chg.

ELECTRICALS

Table listing various electrical stocks with columns for Stock, Price, Div, Yield, and % Chg.

CHEMICALS, PLASTICS

Table listing various chemical and plastic stocks with columns for Stock, Price, Div, Yield, and % Chg.

DRAPERY AND STORES

Table listing various drapery and stores stocks with columns for Stock, Price, Div, Yield, and % Chg.

FOOD, GROCERIES, ETC.

Table listing various food, grocery, and other stocks with columns for Stock, Price, Div, Yield, and % Chg.

HOTELS AND CATERERS

Table listing various hotel and catering stocks with columns for Stock, Price, Div, Yield, and % Chg.

INDUSTRIALS (Miscel.)

Table listing various industrial stocks with columns for Stock, Price, Div, Yield, and % Chg.

AMERICANS

Table listing various American stocks with columns for Stock, Price, Div, Yield, and % Chg.

INDUSTRIALS - Continued

Table listing various industrial stocks with columns for Stock, Price, Div, Yield, and % Chg.

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INDUSTRIALS - Continued

LEISURE - Continued

PROPERTY - Continued

INVESTMENT TRUSTS - Cont.

FINANCE, LAND - Cont.

OIL AND GAS

MINES - Continued

Central African

Table with columns: Stock, Price, % Chg, Div, Yld. Includes companies like British Airways, British Petroleum, etc.

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MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

INSURANCES

PROPERTY

TRUSTS, FINANCE, LAND

TOBACCO

PLANTATIONS

OVERSEAS TRADERS

MINES

Regional & Irish Stocks

Table with columns: Stock, Price, % Chg, Div, Yld. Includes companies like British Airways, British Petroleum, etc.

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PAPER, PRINTING, ADVERTISING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

INSURANCES

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TRUSTS, FINANCE, LAND

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LEISURE

PROPERTY

TRUSTS, FINANCE, LAND

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Notes section containing various financial disclosures, company announcements, and market commentary.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
Option
*First Declared Last Account
Dealings from Dealings Day
Dec 23 Jan 9 Jan 16 Jan 20
Jan 23 Jan 29 Jan 31 Feb 3
Jan 27 Feb 6 Feb 7 Feb 17
*New-Deal Dealings may start
from 1.30 on the business days
earlier.
Leading stocks and Govern-
ment bonds fell sharply in
London on fears yesterday that
Tuesday's rise of one percent
point to 12 1/2 per cent in
bank base rates may not be
sufficient to defend sterling if
world oil prices move lower
and also following news of this
resignation of Mr Heseltine, the
Defence Secretary. The
defence cuts were noticeably
gloomy and the FT Ordinary
share looked set to match Tues-
day's biggest ever points drop
of Wall Street but it eventually
staged a fragile rally.
The Dow-Jones index plunged
overnight as US investors be-
came alarmed at news of a
domestic interest rates. This
caused London share dealers to
cut equity prices at the open-
ing. Designed to move re-
sponding to the move re-
bounded for within minutes the
cheaper levels attracted a wave
of institutional buying. An open-
ing index fall of 16 points was
immediately reduced to under
8 points but more bad news
followed.
Money markets continued to
be unsettled and three-months
interbank rose to 13 per cent,
despite an easing in recent cash
shortages. A warning that
prices could collapse this year
unless non-Opec producers re-
frain from increasing output did
not help matters. Share and
bond markets also fell because
of fresh liquidation amid talk
of forced selling of quality issues
to pay for stable speculative
losses incurred in a range of
shares, particularly
British Home Stores and
Habitat.
The pressure gradually lifted,
but sweating the New York
opening the market remained
extremely nervous. Wall Street
initially headed lower again but
London steadied and the index
dropped 21.0 at the opening
to close 17.7 lower at 1106.1.
Distillers were against the
trend of other constituents,
following the Trade Secretary's
decision not to grant an Argyll
offer to the Monopolies Com-
mission, to end 25 up at 653p,
after 53p. The FT-SE 100 share
index sustained a net loss of
24.5 at 1379.5, after 1376.7.
Summing up the current
market situation brokers Wood
Mackenzie said that the rise in
base lending rates seemed to
reflect a crisis more imaginary
than real but it would be foolish
to disregard the possibility of
further moves.
Gloom also shrouded Gil-
dredged securities. Index-linked
issues tumbled a point and
some conventional longs were
nearly that much lower before
recovering. Early business was
all one-way but trade became
more evenly balanced in the
afternoon. Much of the demand
represented bear-riding or the
balancing of positions against
Gilt futures contracts, although
some genuine investment was
reported. The tentative rally con-

Slide in Gilts and shares continues
FT index drops 17.7 more to 1106.1

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Year Ago. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, etc.

Table with columns: Index, High, Low, Daily Change, % Change. Rows include Govt Secs, Fixed Int., Ordinary, Gold Mines.

Table with columns: Index, High, Low, Daily Change, % Change. Rows include Govt Secs, Fixed Int., Ordinary, Gold Mines.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thurs Jan 9 1986, Index, Day's Change, % Change, etc.

Table with columns: FIXED INTEREST, Average Gross Redemption Yields, Index, Day's Change, % Change, etc.

RECENT ISSUES

regarding compensation for appropriation of the company's estates in Sri Lanka.
Golds easier
The seven-day upsurge in South African Gold platinum and related issues came to a halt. Profit-taking and wide-spread nervousness generated by the steep falls in London and US markets led to an initial mark down which was followed by persistent small selling pressure from most international dealing centres. However, good support developed in the late afternoon, when bullion picked up amid renewed concern about the situation regarding the US and Libya, and the majority of Golds closed above the day's lowest levels. Bullion eventually settled a further 3/8 firmer at 3355.25 an ounce, while the Gold Mines index-up almost 47 points during the previous seven trading sessions-gave up 6.4 to 280.
Dealers, a strong market prior to and following the sharply increased world diamond sales figures released on Tuesday, finally ran out of steam and ran back to 370p. Platinum were much quieter and retreated on persistent small profit-taking after the strong gains prompted by the mass cancellations of Impala mines in South Africa. The latter lost 11 to 618p while Humberburg eased a shade to 250p.
Antraliens gave a positive response to the latest update in bullion and another strong showing by Sydney and Melbourne markets overnight. Golds were particularly in demand and posted firm features in Sons of Gwalia, 12 better at 160p. Explorer Mines, 11 to 200p. A lost 15 more at 455p, which rose 7 to 230p and Carr Boyd, 7 to 495p. Elsewhere, Regalian rallied 25 to 430p on profit-taking while Australasian Limited Minerals 8 firmer at 75p. Takeover speculation helped North Broken Hill improve 4 more to 115p, another leading dividend payer. Energy 21 better at 254p and Western Mining which rose a further 5 to 165p.
Traded Options
Demand for Traded Options continues to improve reflecting another active turnover in the underlying securities. Total contracts struck amounted to 20,396 - the highest since early December. Current favourite, Lonsdale remained to the fore and attracted 2,242 calls. Distillers were also lively following the green light for the Argyll offer, which attracted 1,554 calls and 1,254 puts. The FT-SE 100 index contract contributed 1,643 calls and 1,680 puts.

Shell lose ground
Wall Street's record fall overnight and a further slide by the US market at the opening of business yesterday were responsible for a widespread decline throughout the oil sector. Shell, which has lowered oil prices was another depressant in the market. Shell, in particular, were badly affected by the US attention to pour oil and sharply lower before rallying and then falling afresh to close at the day's low of 667p, a net loss of 15 1/2p. It dipped 8 to 540p. Shell's share price fell from 667p to 540p. Shell's only firm feature in Coal Petroleum which jumped 12 to 50p following a report that the company's two major shareholders, Morgan Grenfell and ERIC are planning to sell their holdings, which total 41 per cent of Coal's capital; in addition ERIC was reported as having sold its full rights to the recent issue to a single buyer, Coal's new up-listed shares advanced 9 to 17p premium.
Lansdale, the subject of considerable speculative activity since it was reported that the company's two major shareholders, Morgan Grenfell and ERIC are planning to sell their holdings, which total 41 per cent of Coal's capital; in addition ERIC was reported as having sold its full rights to the recent issue to a single buyer, Coal's new up-listed shares advanced 9 to 17p premium.

Westland was the focal point in the Engineering sector and moved up sharply to 96p before falling back to 90p on talk of a large stake changing hands well above the market price. It was suggested that Mr Alan Bristow had purchased around 8m shares from Allied Dumas. Elsewhere, losses of around 10p were recorded in GKN, 255p, Hawker, 439p, and Vickers, 296p.

Unigate bucked the trend in Foods, touching 231p on US reports before falling back to close just a penny dearer on balance at 222p. Other leading issues displayed widespread and sometimes quite substantial falls. Sainsbury's lost 10 to 520p, Asda lost 10 to 520p, depressed by the tin crisis, shed 7 more to 148p, Northern Foods gave up 8 to 276p and Rank's shares fell 6 to 157p. Casualties among Food retailers included Bunnings, 17 lower at 250p, and Tesco, 3 lower at 285p.

Beecham fall
Leading miscellaneous industrial displays widespread and sometimes substantial losses. Beecham was prominent at 323p, down 12, while Hanson Trust fell 8 to 191p and Pilkington settled a similar amount lower at 315p. Rediffusion dipped 15 to 617p and Reed International lost 18 to 220p. Boots, down to 224p at one stage, rallied to close 6 lower on balance at 239p. Elsewhere, British Aerospace came under severe pressure, falling 18 to 455p. Bowers gave up 12 to 220p.

of speculative demand and put on 16 to 156p.
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EQUITIES

Table with columns: Index, High, Low, Daily Change, % Change. Rows include Govt Secs, Fixed Int., Ordinary, Gold Mines.

FIXED INTEREST STOCKS

Table with columns: Index, High, Low, Daily Change, % Change. Rows include Govt Secs, Fixed Int., Ordinary, Gold Mines.

RIGHTS OFFERS

Table with columns: Index, High, Low, Daily Change, % Change. Rows include Govt Secs, Fixed Int., Ordinary, Gold Mines.

NEW HIGHS AND LOWS FOR 1985/86

Table with columns: Index, High, Low, Daily Change, % Change. Rows include Govt Secs, Fixed Int., Ordinary, Gold Mines.

TRADITIONAL OPTIONS

Table with columns: Index, High, Low, Daily Change, % Change. Rows include Govt Secs, Fixed Int., Ordinary, Gold Mines.

LONDON TRADED OPTIONS

Table with columns: Option, Jan, Feb, Mar, Apr, May, June, July, Aug, Sept, Oct, Nov, Dec. Rows include various stock options.

January 9 Total contracts 30,396 calls 15,811 puts 6,786 underlying security price

WORLD STOCK MARKETS

Table of world stock markets including AUSTRIA, GERMANY, NORWAY, AUSTRALIA (continued), JAPAN (continued), BELGIUM/LUXEMBOURG, DENMARK, FRANCE, HONG KONG, ITALY, NETHERLANDS, SWITZERLAND, SOUTH AFRICA, and CANADA. Each section lists stock prices and changes for various companies and indices.

Table of stock prices for various companies in Canada, including sections for TORONTO and SINGAPORE. Lists include company names, stock prices, and percentage changes.

Table of stock indices for NEW YORK, AUSTRALIA, AUSTRIA, BELGIUM, DENMARK, FRANCE, GERMANY, HONG KONG, ITALY, JAPAN, NETHERLANDS, SOUTH AFRICA, and SWITZERLAND. Shows index values and percentage changes.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of over-the-counter stock prices for various companies, including sections for Continued from Page 35, AAX, and other market segments.

Table of NYSE-Consolidated 1500 Actives, showing trading volume and price changes for major NYSE stocks.

Advertisement for Clydesdale Bank PLC and TSB Bank. Clydesdale Bank PLC section includes 'BASE RATE' and 'LONDON Chief price changes'. TSB Bank section includes 'Base Rate' and 'With effect from the close of business on Thursday January 9th, 1986...'

WORLD ECONOMIC INDICATORS every Monday-Only in the Financial Times

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, January 9

Main table containing stock prices, organized into columns for different stock categories (e.g., High, Low, Stock, Chg, Vol, P/E, Div, Yld, High, Low, Stock, Chg, Vol, P/E, Div, Yld, High, Low, Stock, Chg, Vol, P/E, Div, Yld, High, Low, Stock, Chg, Vol, P/E, Div, Yld). Includes various stock symbols and their corresponding market data.

NYSE COMPOSITE PRICES

AMEX COMPOSITE PRICES

Continued from Page 34

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

Continued from Page 34

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Continued from Page 34

Table of OVER-THE-COUNTER Nasdaq national market, 2.30pm prices listing various stocks with columns for stock name, price, and change.

Dividend and stock price information text block.



